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JAPAN

UNITED STATES RELATIONS WITH AND POLICIES TOWARD JAPAN

CONCLUSION (AND LATER PARTIAL REVISION) OF AN ADMINISTRATIVE AGREEMENT BETWEEN THE UNITED STATES AND JAPAN; INTEREST OF THE UNITED STATES IN THE JAPAN-REPUBLIC OF CHINA PEACE TREATY; ENTRY INTO FORCE OF THE PEACE AND SECURITY TREATIES WITH JAPAN; THE NSC 125 SERIES; INTEREST OF THE UNITED STATES IN JAPANESE REARMAMENT AND IN RETENTION OF THE BONIN AND RYUKYU ISLANDS; CONCLUSION OF A MUTUAL DEFENSE ASSISTANCE AGREEMENT WITH JAPAN; THE QUESTION OF ECONOMIC AND MILITARY ASSISTANCE TO JAPAN; POSITION OF THE UNITED STATES REGARDING ITS TRADE WITH AND INVESTMENT IN JAPAN; POSITION OF THE UNITED STATES WITH REGARD TO JAPAN'S RELATIONS WITH THE REPUBLIC OF KOREA; THE *FUKURYU MARU* INCIDENT [1]

No. 462

693.94/12-2951: Telegram

The Secretary of State to the United States Political Adviser to SCAP (Sebald) [2]

TOP SECRET
PRIORITY

TOKYO, December 31, 1951—2:26 p.m.

Topad 1875. Eyes only Sebald from Dulles. Reurtel 1366 Dec 29. [3] Assume memo 27th does not supersede or qualify earlier signed

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[1] Continued from *Foreign Relations*, 1951, vol. VI, Part 1, pp. 777 ff. For documentation on U.S. interest in the admission of Japan to the United Nations, see vol. III, pp. 802 ff. For documentation on U.S. interest in the admission of Japan to GATT, see vol. I, Part 1, pp. 114 ff.

[2] Drafted by Dulles and marked "Cleared by Secretary in draft".

[3] In this telegram Sebald partially summarized an unsigned memorandum dated Dec. 27 from Prime Minister Shigeru Yoshida to Dulles. The memorandum was forwarded by Yoshida to Gen. Matthew B. Ridgway for transmission to Dulles; regarding this memorandum, see the editorial note, *Foreign Relations*, 1951, vol. VI, Part 1, p. 1471.

Sebald concluded telegram 1366 as follows: "In view previous commitments and in view extraordinary means utilized in advancing this latest expression of views, you may wish me to seek clarification from PriMin. Alternatively you may prefer rely on previous commitments and not dignify unsigned memo by making it basis for reopening discussions." (693.94/12-2951)

letter [4] but is in fact restatement of points previously raised out of which came Yoshida's letter to me, and is particularly designed re-emphasize what Yoshida and I agreed namely great desirability of common policy between US and UK regarding China. Letter involved only limited decisions leaving untouched the great problem of economic relations with mainland China which I assume is area of critical importance to Japan and primary concern of Section II of unsigned memo. Request you advise Yoshida of this interpretation pointing out that after his oral statement to Senators [5] at final meeting and subsequent written confirmation to me any retraction or qualification now could have very serious consequences. You can further advise Yoshida that China problem and Japan's relation to it will probably be discussed at Truman–Churchill talks [6] and accord sought. No intention make his letter to me public until after these talks which we hope will bring Brit accord with Japan's intentions expressed in letter to me. Also of course we recall understanding Yoshida will be given prior notice of intention to use letter publicly. Inform Yoshida I greatly appreciate his action in forwarding memo and upon its receipt it will be given most serious consideration. [7]

ACHESON

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[4] Reference is to the letter dated Dec. 24 from the Prime Minister to Dulles. For text, see *Foreign Relations*, 1951, vol. VI, p. 1466.

[5] H. Alexander Smith (R–New Jersey) and John Sparkman (D–Alabama), members of the Senate Foreign Relations Committee, accompanied Dulles on his visit to Japan, Dec. 10–19.

[6] Prime Minister Winston Churchill was in the United States Jan. 5–19, 1952, at the head of a British Delegation which held talks with President Truman and other U.S. officials. Documentation on these talks is scheduled for publication in volume VI.

[7] In telegram 1401 from Tokyo, Jan. 6, 1952, marked "For Dulles from Sebald", the latter replied:

"I carefully and fully discussed substance reftel with Yoshida late yesterday. He feigned some surprise that unsigned and unofficial memo shld have been taken seriously and stated that you may "unqualifiedly rest assured there has been no change" his attitude and policy as set forth in Dec 24 ltr. At same time Yoshida again expressed great concern over US–UK differences regarding China and hoped everything possible will be done bring about common policy to which Japan can lend wholehearted and sincere support. I repeated it was my understanding which you had confirmed that this subj will most probably be discussed in forthcoming high-level mtg Wash. Yoshida jokingly replied he hoped it wld not be necessary read between the lines and that straightforward and forthright US–UK agreement wld be reached." (693.94/1–652)

No. 463

611.94/1-251

The United States Political Adviser to SCAP (Sebald) to Dean Rusk of the Office of the Secretary of State

SECRET
OFFICIAL BUSINESS–INFORMAL

TOKYO, January 2, 1952.

DEAR DEAN: We have been giving some thought to the negotiation of the Administrative Agreement and I am writing this letter to acquaint you with our views about certain political and procedural aspects which we consider important.

We have been told informally by Mr. Nishimura, of the Ministry of Foreign Affairs, that Katsuo Okazaki, who until recently served as Chief Cabinet Secretary and is now in the Cabinet without portfolio but informally designated as Foreign Minister, will act as principal negotiator of the Agreement for Japan, assisted by Vice Minister Iguchi, Nishimura, [1] and Yujiro Izeki, head of the International Cooperation Bureau. Izeki is a career Foreign Office man who spent over a year with the National Police Reserve, and his Bureau is expected to be responsible for maintaining liaison with the United States security forces in the future. Officials from other Ministries, particularly Finance, will of course figure prominently, at least in an advisory capacity. In this regard, there is much talk in the press about formation of a new Defense Ministry but this development is not expected to come until after the effective date of the Peace Treaty.

Foreign Office sources state that on matters of substance the Japanese feel they have done just about all they can in advance of the talks by submitting to you their comments on jurisdiction [2] and the lists of facilities in use by our forces, and on most issues, including relevant items of the budget, they appear to be biding their time. The Japanese do not appear to contemplate a full-dress conference but they will be ready if the negotiators decide on some form of conference procedure.

We feel the important point in this connection is that the Yoshida Government will be under very powerful political pressure in negotiating the Administrative Agreement. Yoshida has lost considerable political strength in the last few months largely because of failures in domestic policies. Dodge's criticisms of the Govern-

[1] Kumao Nishimura, Chief of the Treaty Bureau in the Ministry of Foreign Affairs.

[2] For summaries of some of the Japanese submissions, see the attachments to a memorandum dated Dec. 10, 1951, from Jules Bassin, Legal Attaché to the Mission in Japan, to Sebald, *Foreign Relations*, 1951, vol. VI, Part 1, p. 1422.

ment, especially over rice decontrol, together with emasculation of the administrative reorganization program and a general public impression that the present Cabinet has no fixed policies and no reliable leadership, have combined to reduce Yoshida's popularity from its high point at the time of the San Francisco Conference to the stage where dissolution of the Diet in the next few months, though perhaps not probable, is at least a possibility, even though the normal four-year term for members of the House of Representatives will not expire until January 1953. Yoshida's main source of strength has been his success in getting a peace treaty, as well as the popular belief that his diplomatic experience would enable him to deal effectively with the United States and the Allied Powers in matters relating to the peace settlement. Should the Japanese Diet and public feel that the Administrative Agreement does not represent a good bargain for Japan, Yoshida and the Liberal Party as now constituted might well lose much of their remaining support, as a consequence of which the present rather delicate political balance might be expected to collapse. Regardless of what we may think of the Yoshida Cabinet and its policies, it is necessary to recognize that in the present political circumstances there appears to be no desirable alternative. The opposition parties are disorganized and politically ineffective if not incompetent, and if the Yoshida Government is compelled to give way we may have to deal with a weak coalition cabinet which may contain elements hostile to the proposed security arrangements. In order to satisfy the public that Japan is getting the best possible deal, the Japanese negotiators will probably go over every proposal with the utmost care, and delay in reaching agreement will almost inevitably result.

Our experience at the recently concluded Fisheries Conference [3] was that agreement took twice as long to reach as had been anticipated by our side, and although I think the original estimate of three weeks was unduly optimistic, we were painfully reminded that it is easy to over-estimate Japanese willingness to oblige. The Fisheries Conference fairly readily achieved agreement on basic principles but to obtain full agreement on all matters of principle and on wording required far more time. We gained considerable respect for the bargaining skill of the Japanese, who never missed a point and had infinite patience in exploring issues and in rephrasing ideas until something acceptable came out. They were also well prepared on the facts involved and at times succeeded in making some of our arguments look rather weak.

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[3] The Tripartite Fisheries Conference of Canada, Japan, and the United States took place in Tokyo Nov. 5–Dec. 14, 1951. For additional information, see the editorial note, *Foreign Relations*, 1951, vol. VI, Part 1, p. 1390.

We feel some concern that if the negotiations on the Administrative Agreement are difficult and protracted, the timetable for Treaty ratification may be affected. I believe Mr. Dulles and Senators Sparkman and Smith left Japan assured that we were on the right course and that the Peace and Security Treaties [4] could be presented to the Senate for expeditious action, but on the basis of the admittedly inadequate evidence available out here, it would seem quite possible that the Pentagon might desire a postponement of ratification until the Administrative Agreement is successfully concluded, in which event delay in negotiating the Administrative Agreement could conceivably have an adverse effect on the attitude of the Senate. Likewise an unfavorable impression might be created if the Senate should consent to approval of the Treaties but formal ratification by the United States were delayed unduly pending conclusion of the Administrative Agreement. You are of course in a much better position to judge this matter, but we do want to emphasize that negotiation of the Administrative Agreement may well take considerable time and require great patience on the part of all concerned.

A final aspect of the negotiations that could be a real headache is the white heat of publicity which will undoubtedly focus on everything connected with the talks. We found at the Fisheries Conference, which was held at the Foreign Office, that the Japanese press was able to obtain within a day all Conference documents, even those classified "confidential" for working purposes, and also to get accurate summaries of discussions at the Conference. To read about delicate negotiations in the press produced some irritation on our side and showed clearly that at the present time enforcement of security measures on the Japanese side is apt to be very ineffectual. We anticipate that the press will devote major efforts to developing information about the Administrative Agreement, and political and public pressure to get information on the progress of the discussions will be very powerful. Floods of petitions about property and rearmament and demonstrations of opposition to the Agreement, which many of the Japanese seem to consider synonymous with remilitarization, are also not at all unlikely.

In this connection we have noted what amounts virtually to a campaign on the part of certain American correspondents and businessmen in Tokyo to encourage the Japanese to take a firm position in negotiating the Agreement, particularly in opposition to re-

[4] For the Peace Treaty, signed at San Francisco Sept. 8, 1951, see *United States Treaties and Other International Agreements* (UST), vol. 3 (pt. 3), p. 3169. The text of the Security Treaty between the United States and Japan, also signed at San Francisco on Sept. 8, is printed *ibid.*, p. 3329. Japan had ratified both treaties on Nov. 19, 1951.

tention by the United States of facilities and troops in Tokyo. There is nothing underhanded or unpatriotic about these efforts but I think it is a factor you may wish to consider in your relations with the press here.

Although I have not discussed the matter with General Ridgway, I feel it may be desirable that the major part of the discussions be held in PolAd's new office building, the Mitsubishi Shoji, where we will have a large conference room and office space for you and your staff. In this way I think we can obtain greater security of information and also at least partially avoid giving the Japanese the impression that the talks are being held under the aegis of the Army.

I do not propose to go into matters of substance in this letter, but I would like to observe that emphasis on joint committees, the approach we discussed with General Ridgway on November 27, [5] as a means of working out the details of the Agreement as well as implementing the Agreement after its conclusion, seems politically very desirable and will give the Japanese the feeling of equality which critics of the Security Treaty claim has been lacking in negotiations to date. The Japanese may want to draft the Administrative Agreement in such a way that the provisions relating to the Joint Committee will be placed in a prominent position, just as they proposed revision of the United States Draft Fisheries Convention to place clauses on the proposed International Commission before those relating to abstention. I would also like to observe that the Japanese seem to place great stock in the precedents established by the NATO Agreements, and my feeling is that if they can obtain a statement of principles along the lines of the North Atlantic Treaty [6] and an agreement on jurisdiction closely following the NATO formula [7] (these being the two aspects on which comparison can perhaps be most directly made), they will be more amenable to our proposals on other points and public acceptance of the rest of the Agreement will be facilitated.

I hope the above views and comments may be of some help to you. We are looking forward to your arrival later this month.

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[5] Rusk was in Japan Nov. 21–27, 1951, for preliminary conversations regarding the Administrative Agreement. No memorandum of his conversation(s?) held on the latter date with General Ridgway has been found in Department of State files. For some indication of the content of the Rusk–Ridgway talks, see the memorandum by Charles A. Fraleigh of a conversation held Dec. 11, 1951, *Foreign Relations*, 1951, vol. VI, Part 1, p. 1428.

[6] For text of the North Atlantic Treaty, signed at Washington on Apr. 4, 1949, see *ibid.*, 1949, vol. IV, p. 281.

[7] For text of the Agreement between the parties to the North Atlantic Treaty regarding the status of their forces, signed at London June 19, 1951, see 4 UST (pt. 2) 1792. For documentation concerning the status of this proposal prior to its entry into force for the United States on Aug. 23, 1953, see vol. V, Part 1, pp. 107 ff.

Sincerely yours,

BILL

P.S. You might be interested in the enclosed clipping. [8]

[8] The postscript is handwritten. This clipping, not printed, part of page 1 of the English-language *Nippon Times* for Dec. 29, 1951, included a UP story reporting that it had been learned that following ratification of the Japanese Peace Treaty, the U.S. Ambassador to Japan would outrank the commander of U.S. forces in Japan.

No. 464

Editorial Note

On January 5, 1952, officials of the United States and the United Kingdom, led by the President and the Prime Minister, held a dinner meeting aboard the S.S. *Williamsburg*. The full text of Secretary Acheson's memorandum of this meeting is scheduled for publication in volume VI. An excerpt relating to Japan follows:

"At this point, I said that I wished to raise a related matter which had to do with bringing our policies vis-à-vis Japan's relation to Formosa in line. I pointed out the trouble which existed in Tokyo, saying that the Japanese Government wished to make an arrangement with the Nationalist Government relating to the establishment of peaceful, political, and trade relations between Nationalist-held areas and Japan, but that they did not propose to recognize the Nationalist Government as the Government in control of the mainland, or at this time to take any steps regarding Japan's relations with the mainland of China.

"Mr. Churchill said that he had gone along with the Labor Government's recognition of China, since he was under the impression that we were withdrawing from China and he saw no other practical course. However, he thought that the Labor Government's policy, as they had later pursued it was wrong.

"Mr. Eden spoke rather strongly against our view that the Japanese Government could or should enter into relations with Formosa, because he believed that this would prejudice any future relations with the mainland and would inevitably give rise to the view in Japan that we were forcing this attitude and would thereby have a bad reaction against us. He also thought that this violated the agreement with Mr. Morrison.

"I pointed out what the nature of the Dulles–Morrison agreement was: that it related to Japan's long-run relations with the mainland, with which we were not now dealing, and, in effect, said that these should be left for action after the occupation had ended. I pointed out that at the present time SCAP had withdrawn all control over most of Japan's foreign affairs and that, with the knowledge and approval of the British, the Japanese were now engaged in making treaties with New Zealand, Australia, Indonesia, and the Philippines. All of these negotiations were for the purpose

of easing ratification of the Japanese peace treaty by the Parliaments of those countries. I saw no reason why the Japanese should not be free to enter into the same sort of arrangements with the Nationalist Government which were quite essential for the purpose of getting ratification by our Senate. Mr. Churchill thought that this was more of a point than Mr. Eden appeared to. However, the President and Mr. Churchill instructed Mr. Eden and me to work this thing out and reach a satisfactory solution of it. This we said we would do."(Conference files, lot 59 D 95, CF 100)

The term "Dulles–Morrison agreement" refers to the statement "Chinese Participation and Formosa", June 19, 1951; for text, see *Foreign Relations,* 1951, volume VI, Part 1, page 1134.

Herbert Morrison had been Foreign Secretary in the previous (Labor) British Cabinet.

No. 465

693.94/1-752

Memorandum by John Foster Dulles, Consultant to the Secretary of State, to the Secretary of State [1]

TOP SECRET WASHINGTON, January 7, 1952.

DEAR MR. SECRETARY: In my memorandum to you of December 27, 1951, [2] I said that Mr. Sebald was forwarding to me a letter from Prime Minister Yoshida with reference to China. I indicated the nature of the letter as reported to me by Sebald.

I now have the original letter from Prime Minister Yoshida dated December 24, 1951. I have given a photostatic copy in confidence to Mr. Allison. The letter conforms closely to what was forecast by Mr. Sebald's telephone conversation.

I have also received from Prime Minister Yoshida his 3-point memorandum of December 27, which purports to be "a re-statement" of what he said in the course of conversations in Tokyo, and which conversations, of course, preceded the December 24 letter. Also Sebald has cabled that Yoshida has stated that I may "unqualifiedly rest assured there has been no change" in his attitude and policy set forth in the December 24 letter.

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[1] Drafted by Dulles.

[2] For text, see *Foreign Relations,* 1951, vol. VI, Part 1, p. 1472.

No. 466

Dulles files, lot 54 D 423, "China"

Memorandum by John Foster Dulles, Consultant to the Secretary of State [1]

[WASHINGTON,] January 9, 1952.

Japan and China

1. On May 19, 1951, in reply to a suggestion that Sebald ascertain the probable future wishes of the Japanese Government as regards peace with China, Sebald said [2] that after conference with Prime Minister Yoshida, he was informed that the Japanese Government under no circumstances desires signature by Chinese Communist regime. Basically, Japanese Government wishes to make peace with the Chinese National Government which it considered deserves support by Japan.

2. On June 19, 1951, Mr. Morrison and Mr. Dulles agreed at London, [3] so far as the Peace Treaty was concerned, we would proceed "without any Chinese co-signature" and that "Japan's future attitude toward China must necessarily be for determination by Japan itself in the exercise of the sovereign and independent status contemplated by the Treaty." [4] This agreement was reached after the formula had first been rejected by the British Cabinet on the ground that inevitably Japan would follow U.S. policy toward China rather than U.K. policy. Mr. Attlee had made the counter proposal that Japan's relations with China might be vested in a group of Far Eastern countries so that Japan would not have freedom of action as regards China. This proposal in turn had been rejected by Mr. Dulles in a conversation with Mr. Attlee.

3. On August 6, 1951, Prime Minister Yoshida said, in a letter to Mr. Dulles [5] that the Japanese Government had no intention to conclude a bilateral treaty with the Communist regime.

4. On August 9, 1951, at a conference at Washington between Messrs. Fitzmaurice and Tomlinson of the U.K. and Messrs. Dulles and Allison of the U.S., Mr. Tomlinson asked Mr. Dulles whether we interpreted the U.S.–U.K. understanding about China to prevent the signature of any peace treaty between Japan and any Chi-

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[1] Drafted by Dulles. Regarding the use made of this memorandum, see the memorandum of conversation, *infra*.

[2] See Topad 2001 from Tokyo, May 19, 1951, *Foreign Relations*, 1951, vol. VI, Part 1, p. 1050.

[3] Dulles left London for the United States on June 14. For clarification, see footnote 1 to the statement of June 19, 1951, *ibid.*, p. 1134.

[4] See the statement dated June 19, 1951, *ibid.*

[5] For text, see *ibid.*, p. 1241.

nese Government until after the coming into force of the main Treaty. According to the U.S. memorandum of the conversation, Mr. Dulles said.

"I did not think that it was possible to give any categorical answer to this question. The principle involved was that there should be no Allied coercion upon Japan to adopt an arbitrary course in regard to China which might prejudice Japanese best interests for the future. Under these circumstances a good deal would depend upon the degree of freedom which might, in fact, be restored to Japan after the signature of the Treaty, but before the coming into force, particularly if the latter was considerably deferred." [6]

5. On September 8, 1951, the Multilateral Peace Treaty was signed at San Francisco. Developments at the preceding Conference already made it apparent that Japan would be expected to exercise a large degree of independent sovereignty with respect to its foreign relations after the signature but before the coming into force of the Treaty. (See, for example, the exchanges of views between the Japanese Delegation and the Indonesian, Philippine and Netherlands Delegations, which contemplated post-signing but pre-ratification negotiations for bilateral arrangements.)

6. On September 9, 1951, Mr. Morrison and Mr. Dulles, en route from San Francisco to Washington, discussed the Japan–China position and according to Mr. Dulles' memorandum of the conversation, [7] Mr. Morrison said that

"he hoped that nothing would be done to crystallize the Japanese position toward China until after the Treaty of Peace came into force. He said that otherwise he might have difficulty about ratification."

Mr. Dulles said

"there was the reality which had not been disguised, namely, that the present Government of Japan was strongly anti-Communist and did not want to favor or encourage the Communists either in Japan or on the Asian mainland. . . . Against this the Japanese Government were on good relations with the Nationalists. . . . [8] We could not suppress indefinitely the natural desire of the Japanese Government which, we assumed, included at least such recognition of the Nationalist Government as would assure their good will in various U.N. organizations where that government had a vote and a voice which the Japanese needed on their behalf as applicants for membership in U.N. agencies. Also we assumed the Japanese would want quickly to put trade, diplomatic and consular relations

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[6] For full text of Dulles' memorandum of this conversation held Aug. 9, 1951, see *Foreign Relations*, 1951, vol. VI, Part 1, p. 1249.

[7] For full text, see *ibid.*, p. 1343.

[8] Ellipses in the source text.

with Formosa on a normal peace time basis. None of this, however, necessarily implied Japanese acceptance of the Chinese Nationalist Government as empowered to speak for, and to bind, all of China. I recalled that I had expressed this point of view in London."

7. On September 13, 1951, SCAP restored to the Japanese Government authority to deal directly with foreign governments whose diplomatic representatives were accredited to SCAP. Those named included "the Chinese Mission in Japan", which is Nationalist.

8. Pursuant to the multilateral Treaty of Peace and the SCAP authority above mentioned, the Japanese Government began actively to exercise sovereignty as regards its prospective treaty relations with many of the foreign governments which had diplomatic representatives accredited to SCAP. Among others with which such negotiations were initiated were the U.S. and Canada (fishing), Indonesia (reparations and fishing), the Philippines (reparations), India (general peace), Korea (bilateral treaty of friendship and commerce) and Australia (fishing). All of these negotiations were conducted by Japan in the exercise of a sovereign and independent status, there being no exercise whatever by SCAP of its potential control of Japanese foreign relations.

9. In November 1951, after approval of the Peace Treaty by the British Parliament and in anticipation of a trip to Japan by Mr. Dulles and Senators Sparkman and Smith (the ranking Democratic and Republican members of the Far Eastern Subcommittee of the Senate Foreign Relations Committee) designed to gather information for the use of the Senate in considering ratification, and in an effort to preserve a common front with the U.K., Mr. Merchant of the State Department went to London [9] where he tentatively reached, at the official level, a possible joint position on Japanese attitude toward China. However, on November 20 Mr. Eden advised Mr. Acheson in Paris

"I do not feel able to approve the draft formula which emerged from the official level talks in London last week" and that "if need arose I should feel bound to endorse the advice already given the Japanese Government by Sir E. Dening against this (i.e., "any form of recognition of the Chinese Nationalists") action." [10]

This was the first information to the U.S. that the U.K., through their Ambassador at Tokyo, was giving advice to the Japanese Government with reference to its relations with China.

10. Secretary Acheson replied (November 22) that

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[9] Merchant arrived on Nov. 13.

[10] For full text of this message and of Acheson's reply dated Nov. 22, see telegram 3095 from Paris, Nov. 23, *Foreign Relations*, 1951, vol. VI, Part 1, p. 1409.

"I believe that the Japanese, if they so choose, should not be discouraged from extending the discussion of these problems with the authorities on Formosa into preliminary talks looking toward an agreement which would conform to the realities, but which would in no event be concluded before the multilateral Treaty comes into force. I believe you and I were right in our decision to leave these inter-related problems for discussion in Tokyo next month between Dulles and Sir Esler Dening."

11. On Tuesday, December 11, Mr. Dulles, as the first matter of business following his arrival in Tokyo, conferred with Sir Esler Dening and told him that Yoshida's remarks before the Diet had greatly confused the Senate, that there was imperative need of clarification and that he and Senators Sparkman and Smith proposed to suggest to Yoshida that in view of the vast number of problems between the U.S. and Japan, most of which would involve Congressional action, and in view of the views of Congress on the subject of China, and the apparent views of the Japanese Government itself, the Japanese Government might find it in its best interests to make clear its intention to negotiate with the Nationalist Government of China with a view to arranging, that following the coming into force of the multilateral Treaty of Peace, there should also be brought into force a bilateral Treaty with the Nationalist Government of China, with the understanding that the bilateral Treaty applied to territory under the actual control of the Nationalist Government, leaving for future development the relations between Japan and any area of China *not* under the actual control of the Nationalist Government. Mr. Dulles told Sir Esler Dening that he would keep Dening fully informed of the Japanese reaction and would not proceed without further consultation with Dening. [11]

12. On Thursday, December 13, 1951, Mr. Dulles made an oral statement to Yoshida and Iguchi on the basis of a memorandum along the lines mentioned above (Point 11) and immediately thereafter showed a copy of the memorandum to Dening and asked urgently for the further views of the U.K. [12]

13. On Monday evening, December 17, Dening told Dulles that he had asked for immediate instructions but received none until that day when he had been instructed not to have further conversations with Mr. Dulles in Tokyo. [13]

14. On Wednesday, December 19, Mr. Dulles and Senators Sparkman and Smith made a farewell call upon Prime Minister Yoshida,

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[11] See Topad 1264 from Tokyo, Dec. 11, 1951, *Foreign Relations*, 1951, vol. VI, Part 1, p. 1431.

[12] See the editorial note and Topad 1273 from Tokyo, dated Dec. 13, 1951, *ibid.*, pp. 1436 and 1437, respectively.

[13] See footnote 3, *ibid.*, p. 1448.

in the course of which Prime Minister Yoshida told the two Senators that his Government proposed to deal with the China matter along the lines which he and Mr. Dulles had discussed on December 13, and that he expected to clarify the Japanese Government position and subsequently communicate with Mr. Dulles. He strongly hoped that the U.K. would acquiesce in the proposed Japanese position as it was embarrassing to the Japanese Government to be confronted with opposing U.S.–U.K. position. [14]

15. On January 7, Mr. Dulles received, by pouch, a letter from Mr. Yoshida dated December 24, 1951, stating Japan's intentions as regards China.

16. On January 8, Mr. Yoshida had a New Year's press conference in Tokyo in which he is reported to have declared that—

"so long as China is a communist country and disturbs the peace and order of foreign countries, Japan cannot hold intercourse with her . . . [15] we will hold intercourse with any country, Formosa or others, provided that the other party would not disturb the internal peace of this country." (*New York Times* 1/9/52)

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[14] No memorandum of this conversation has been found in Department of State files.

[15] Ellipsis in the source text.

No. 467

693.94/1-952

Memorandum of Conversation, by the Acting Assistant Secretary of State for Far Eastern Affairs (Allison)

SECRET [WASHINGTON,] January 9, 1952.

Subject: Japanese Relations with China

Participants: Sir Oliver Franks, British Ambassador
Mr. John Foster Dulles
Mr. John Allison

Sir Oliver Franks called this afternoon at Mr. Dulles' request for preliminary discussion on relations between Japan and China preparatory to the meeting between Secretary Acheson and Foreign Minister Eden on January 10. Mr. Dulles stated he thought it would be helpful, in view of the fact that Mr. Eden had come into this problem "in the middle", to make a chronological statement and put the matter in proper focus. He gave Sir Oliver a memorandum, copy attached, [1] setting forth the history of the problem from

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[1] Not found attached; apparently the same as the memorandum, *supra*.

May 19, 1951, until the present date. Mr. Dulles pointed out that in all his actions he had been motivated by the desire to keep US–UK policy as close together as possible and at the same time bring about an early ratification of the Japanese peace treaty by the United States Senate. He emphasized that he had resisted attempts by members of the Senate to take the stand that Japan should at once conclude a peace treaty with Nationalist China and was hopeful that the action he had taken and which he would explain to Sir Oliver would result in the Senate's early ratification of the treaty without attaching reservations concerning the necessity of Japan's concluding a treaty with Nationalist China. Mr. Dulles had consistently borne in mind the agreement with the former Labor Government that Japan should have free choice as to what was in its best interests, that nothing should be done which would compel Japan to make a treaty with Nationalist China which would recognize Nationalist China as at present able to speak for all of mainland China, and that any treaty which might be negotiated between Japan and Nationalist China should not be finally consummated until after the coming into force of the multilateral treaty of peace. Mr. Dulles reiterated previous remarks that it would be most unfortunate for all of us, the UK included, if at this juncture the United States Senate should fail to ratify the treaty and thus prevent its early coming into force. He then informed Sir Oliver that he had just recently received by mail from Mr. Yoshida a letter stating what Mr. Yoshida's position was with regard to China and the action which his Government desired to take. He showed this letter to Sir Oliver in confidence with the request that he inform Mr. Eden about it and about Mr. Dulles' conviction that with such a letter it would be possible to obtain Senate ratification. He added that at no time had it been his understanding of the Dulles–Morrison agreement [2] that it would prevent Japan from taking action which it deemed in its own interest, and he pointed out how the facts of US–Japan relationships were such that it was unthinkable, for the next several years at least, that Japan would pursue a policy in the Far East which was counter to that of the United States.

After reading the letter Sir Oliver stated that he had certain observations to make which he hoped would be helpful in considering the coming talks between the Secretary and Mr. Eden on this matter. He stated that he had the distinct impression that the attitude of the present British Government toward China was not entirely the same as that of the Labor Government, but that, while it

[2] Reference is to the statement, "Chinese Participation and Formosa", June 19, 1951, *Foreign Relations*, 1951, vol. VI, Part 1, p. 1134.

did not consider the importance of diplomatic relations with Communist China in the same light as its predecessor, nevertheless it did agree with the Labor Government that Chiang Kai-shek had no future on the mainland of China, and that, while possibly the Chinese Communist Government might not last, nevertheless Chiang's Government could not return. It therefore would not be the belief of the present Government that anything should be done which would add to the prestige or stability of the Chiang Kai-shek Government, which was looked upon by the UK and by important elements of the Commonwealth, such as India, as a symbol of what should not be.

Sir Oliver then turned to the question of how the discussions might go between Mr. Acheson and Mr. Eden and pointed out that, while Mr. Eden certainly had a knowledge of American Constitutional processes, nevertheless he probably did not have as deep an understanding of their actual workings as someone who had spent more time in the United States; therefore, in Sir Oliver's opinion, it would be more persuasive if the American Constitutional aspect of this problem, i.e. the obtaining of Senate ratification, not be emphasized at the beginning of the talks. He suggested rather that the facts of the Japan-China situation be enumerated; namely, the long-term pull toward the continent, the necessity of action which would ensure that this pull did not operate to the detriment of the West and that Japan remain part of the Western camp rather than that of Soviet Communism, and the necessity of Japan's aligning its policies with those of the United States at this time when the United States had in fact great responsibilities regarding the defense of Japan and its economic future. After these points had been properly developed it would then be possible to mention the problem connected with ratification of the treaty in the United States Senate.

Sir Oliver said that in his opinion the talk had been most helpful and thanked Mr. Dulles for his frankness.

No. 468

Dulles files, lot 54 D 243, "United Kingdom"

Memorandum of Conversation, by the Acting Assistant Secretary of State for Far Eastern Affairs (Allison)

SECRET [WASHINGTON,] January 10, 1952.

Subject: Japan's Relations with China

Participants:

United States:
Secretary Acheson
Mr. Dulles
Mr. Matthews
Mr. Perkins
Mr. Allison

United Kingdom:
Foreign Minister Eden
Sir Oliver Franks
Mr. F.S. Tomlinson

The Secretary opened the discussion by referring to a previous brief mention of the matter between the President and Mr. Churchill [1] and the fact that the matter had been referred to Mr. Eden and the Secretary for further discussion and decision. Mr. Dulles was then requested to state his understanding of the situation. He spent some time going over the complete history of the problem of Japan's relations with China, beginning with the statement Prime Minister Yoshida had made on May 19, 1951, that the Japanese Government under no circumstances desired signature by the Chinese Communist regime to the peace treaty with Japan and that basically the Japanese Government wishes to make peace with the Chinese Nationalist Government on Formosa.

Mr. Dulles pointed out that in all his actions he had been motivated by the desire to keep US–UK policy as close together as possible and at the same time bring about an early ratification of the Japanese peace treaty by the United States Senate. [2] He emphasized that he had resisted attempts by members of the Senate to take the stand that Japan should at once conclude a peace treaty with Nationalist China and was hopeful that the action he had taken and which he would explain would result in the Senate's early ratification of the treaty without attaching reservations concerning the necessity of Japan's concluding a treaty with Nationalist China. Mr. Dulles had consistently borne in mind the agreement with the former Labor Government that Japan should have free choice as to what was in its best interests, that nothing should be done which would compel Japan to make a treaty with Nationalist China which would recognize Nationalist China as at present able to speak for all of mainland China, and that any treaty which

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[1] In addition to Document 464, see the Minute of the Third Formal Meeting of the President and the Prime Minister, Jan. 8, 1952, scheduled for publication in volume VI.

[2] The President submitted the Japanese Peace and Security Treaties to the Senate on Jan. 10, together with the Mutual Defense Treaty between the United States and the Philippines, signed at Washington on Aug. 30, 1951, and the Security Treaty between Australia, New Zealand, and the United States (later known as the ANZUS Pact), signed at San Francisco on Sept. 1, 1951. For text of the latter two treaties, see 3 UST (pt. 3) 3947 and 3420, respectively.

For text of the President's message and accompanying papers, see Senate Executives A, B, C and D, 82d Cong., 2d Sess., *Japanese Peace Treaty and Other Treaties Relating to Security in the Pacific* (Washington, Government Printing Office, 1952).

might be negotiated between Japan and Nationalist China should not be finally consummated until after the coming into force of the multilateral treaty of peace. He added that at no time had it been his understanding of the Dulles–Morrison agreement that it would prevent Japan from taking action which it deemed in its own interest, and he pointed out how the facts of United States–Japan relationships were such that it was unthinkable, for the next several years at least, that Japan would pursue a policy in the Far East which was counter to that of the United States.

Mr. Dulles referred to the fact that he had now received a direct communication from Mr. Yoshida, stating the intentions of the Japanese Government, and that it would probably be necessary to make this known during the course of the Senate's consideration of the peace treaty with Japan. Mr. Dulles concluded by stating that in his opinion the action which the United States had taken was the absolute minimum necessary to achieve the desired results in the United States Senate and at the same time retain the spirit and in fact the letter of the Dulles–Morrison agreement. He expressed the hope that the United Kingdom would be able to go along with this contemplated action.

Mr. Eden expressed appreciation for the detailed account given by Mr. Dulles and said that he fully appreciated the factors which influenced United States wishes in this matter. He could only repeat what he had said before, namely that his Government would have much preferred that any expression of intention by the Japanese with respect to their future action could have been withheld until after the actual coming into force of the treaty of peace, but that if, for what seemed to the United States good and sufficient reason, this was not possible, he did not believe that his Government would wish to make any great issue over the matter. He reiterated the well known UK view that nothing should be done which would give the Japanese opportunity in the future to say that whatever action they might take toward China was forced upon them and not the result of their own free will. In this connection Mr. Dulles pointed out that final action by Japan, including ratification of any treaty or agreement with Nationalist China by the Japanese Diet, would not take place until after the multilateral peace treaty had become operative, and hence would be the free and voluntary act of the Japanese people.

Secretary Acheson said that he wished to supplement Mr. Dulles' remarks by pointing out that the Japanese would have great difficulty in working out with the Government on Formosa the type of limited agreement contemplated, and that the Chinese Nationalists had certain strong cards in their hands. They might well induce certain of their friends in the Senate to advocate a postponement

of ratification proceedings until the Senate could have an opportunity to study in detail any proposed agreement between Japan and Formosa to see whether or not it met all Chinese desires. This would be bad enough, but there was a second course of action which might be even more distressing, namely that the Senate would attach to the ratification a reservation to the effect that the treaty would not become operative until Japan had concluded an agreement with Formosa. This not only would be bad for the United States, but would confront all the other signatories to the treaty with a very difficult problem. The Secretary then went on to say that it was most desirable to have Sir Esler Dening, British Ambassador in Japan, informed of the results of our talks so that if he were approached by the Japanese he could make clear that if they desired to go ahead with beginning negotiations with the Chinese Nationalist Government they would not incur the displeasure of the British Government. Mr. Eden thought this raised rather difficult problems and might seem to necessitate his Government's completely reversing its previous stand and that this would be most embarrassing. Considerable discussion then took place among those present over possible wording of a message to Dening which would not do violence to the previous British position and yet would indicate to the Japanese that if they took action which they desired to do in their own interest the British Government would interpose no objection. It was finally left that the British side would endeavor to draft an appropriate instruction to Dening and would consult later with the United States side on this matter. [3]

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[3] In Topad 1951 to Tokyo, Jan. 11, drafted by Allison, the Department in part stated:

"We were shown last night text of msg to Dening which in substance states that as result of full exchange of views UK understands US position, but nonetheless adheres to its prior stand. However, UK believes matter is one for Jap to decide in manner they believe to be in their best interests and UK will not put any pressure on Jap either to act or not to act in any particular manner. Dening was authorized to make above position known to Jap if questioned by them, but our understanding is that he is not to initiate discussions on this matter with Jap. . . . In Dept's opinion, Brit fully understand necessity of some public commitment by Jap re Chi, but are not for domestic polit reasons able to reverse their previous stand. . . . You shld seek an interview with Yoshida and inform him of results of talks with Brit on this matter. Brit agreed on fundamental necessity of Jap's foreign policy's being in harmony with that of US, and such differences as exist relate only to matter of timing of Jap announcement re policy. However, Brit also agree that in final analysis question of timing is one for Jap to decide. Eden stated specifically that this was not in his mind a major issue, and that it will not cause any real difficulty either between US and UK or UK and Jap." (693.94/1–1152)

No. 469

611.94/1-1052: Telegram

The United States Political Adviser to SCAP (Sebald) to the Department of State

SECRET PRIORITY TOKYO, January 10, 1952—noon.

Topad 1427. For Rusk. Re Deptel 1921, Jan 7. [1] In general we heartily concur with sections 1, 2 and 3 of proposed directive transmitted DA 91007 Jan 3.

We inclined fear, however, that principles set forth therein wld be seriously jeopardized by provisions para 4 (b) [2] which wld appear in large measure to remove implementation of admin agreement from civilian control, at both Tokyo and Wash levels. In view fact that manner in which admin agreement carried out will to considerable degree determine whole course of US–Jap post-treaty relations, para 4 (b) wld seem to confer upon CINCFE powers inconsistent with clear paramountcy which shld attach to Amb as senior US rep in Jap. It wld appear to us highly preferable for US member joint comite be civilian designated by and responsible to Amb, with mil deputy, designated by CINCFE, who wld act as tech adviser and generally sit as US rep on matters of purely mil nature. Any differences of view as between Amb and CINCFE concerning matters arising in joint comite wld be resolved in Wash through normal procedures and resulting directives sent by State Dept to Amb. (CINCFE wld of course continue receive directives on purely mil matters from JCS.) In this way main channel relations between US and Jap Govts wld continue to be through State Dept and Emb, as it shld be, with negots through mil channels confined to mil matters.

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[1] In this telegram, marked "Sebald from Rusk", the Department asked for comment on a draft directive to CINCFE on the proposed administrative agreement with Japan. (611.94/1-752) This draft directive dated Jan. 2, was transmitted to Tokyo in Department of the Army telegram 91007, Jan. 3.

[2] Paragraph 4 (b) of the draft directive reads:

"CINCFE is responsible for designating the U.S. membership and staff of the Joint Committee provided in the Administrative Agreement and for the conduct of negotiations in the Joint Committee on matters within the Joint Committee's functions. CINCFE will keep the U.S. Government informed at all times of the status of negotiations in the Joint Committee by frequent reports to the Joint Chiefs of Staff. CINCFE will keep the U.S. Ambassador informed at all times of the status of negotiations in the Joint Committee; the U.S. Ambassador will furnish political advice to CINCFE on matters before the Joint Committee and will designate a political officer to work with the U.S. section of the Joint Committee. Directives will be issued to CINCFE by the JCS on matters arising in the Joint Committee requiring such directives. Differences of view among U.S. departments and agencies on questions arising in the Joint Committee will be resolved in Washington and the necessary directives issued to CINCFE." (611.94/1-252)

In addition fundamental need for civilian control over basic elements US post-treaty policy in Japan, psychological advantage of civilian rather than mil representation of US on joint comite wld be considerable, as demonstrating subordination of mil to civilian control and as marking end of mil ascendancy which Japs have come to regard as hall-mark of occupation. It shld be borne in mind, moreover, that Jap representation will of necessity be civilian in character, at least in the early stages. FYI DA 91007 not shown us until requested from GHQ Jan 8 pursuant your tel. [3]

SEBALD

[3] In Topad 1945 to Tokyo, Jan. 11, drafted by Rusk and marked "Eyes only for Sebald from Rusk", the Department replied:

"Dept fully concurs your gen view Amb responsibility for all US–Jap relations post-Treaty period but believes this can best be exercised re: administrative agreement through full info by CINCFE to Amb and Dept, polit advice by Amb to CINCFE in Tokyo and Dept intervention in Wash and concurrence on all directives. In event of differences in Joint Comite discussion wld probably be lifted to gov talks through Amb. While Dept therefore will probably not take your advice on Amb role in Joint Comite, Dept will vigorously maintain propriety your giving such advice. Rusk informed Def we were seeking your advice and Def furnished tel number to avoid duplicate transmission." (611.94/1–1152)

No. 470

Tokyo Post files, 320 Formosa Jap

Memorandum of Telephone Conversation, by the United States Political Adviser to SCAP (Sebald)

SECRET — TOKYO, January 11, 1952.

Subject: British Attitude Toward Japanese Recognition of China.

Participants: The Honorable John M. Allison
Ambassador Sebald

Mr. Allison called by telephone from Washington at 12:00 noon today. He said that he wished to advise me concerning the present status of the talks between Mr. Dulles and himself, on the one hand, and Mr. Eden, on the other. He prefaced his remarks by saying that the British had not conceded quite to the extent that we had hoped, but that some progress had been made. Mr. Eden is sending a telegram to Sir Esler Dening with instructions to the effect that if Prime Minister Yoshida should ask, but not otherwise, Sir Esler is to say that the British still maintain their earlier position, and would prefer that Japan make no decision on the China question until after the restoration of complete sovereignty. On the other hand, should the Japanese wish to make a decision now, no objection will be raised by the British to such decision.

Mr. Allison said that his impression is that the British are now resigned to Japan's probable course of action. He also said that Prime Minister Yoshida's letter of December 24 had been shown to Sir Oliver Franks, but not to Mr. Eden, who, however, is aware of the existence of the letter.

In summary, Mr. Allison said that there will be no sudden reversal of British policy as previously maintained, but that no further pressure would be placed by the British upon the Japanese on the China question.

I mentioned to Mr. Allison the AFP article alleging that Sir Esler Dening was encouraging the Japanese to trade with Communist China in order to divert Japanese trade pressures from Southeast Asia. Mr. Allison said that this article is based on a column by Marquis Childs, who had not talked with Mr. Dulles since the latter's return to Washington. He suspected, although he did not definitely know, that Marquis Childs had obtained this information from Senator H. Alexander Smith.

W.J. SEBALD

P.S. On the question of making PM Yoshida's letter public, Mr. Allison said that the letter would probably have to be made public but that we would be given ample warning and perhaps a simultaneous release might be made. WJS [1]

[1] The postcript is handwritten.

No. 471

790.00/1-1152: Telegram

The Secretary of State to the Office of the United States Political Adviser to SCAP (Sebald) [1]

SECRET WASHINGTON, January 11, 1952—7:46 p.m.

Topad 1952. Eyes only Sebald. We believe early publication Yoshida's letter re intentions re Chi important and wld hope this cld be done early next wk. Pls see Yoshida and suggest he may wish give out text of letter as one he had sent Dulles and which he now learns Dulles has received. This seems most dignified procedure from Jap standpoint.

If Yoshida will release letter Tokyo we suggest it be done between four and five pm Jan 15 Tokyo time and that you assure presence American correspondents for release. Dept wld be pleased

[1] Drafted and approved for transmission by Allison. It is marked "(The Secretary and G informed)" on the clearance line.

give out full text morning 15th Washington time once press and radio have carried report of Yoshida's release.

ACHESON

No. 472

693.94/1-1452: Telegram

The Secretary of State to the Office of the United States Political Adviser to SCAP (Sebald) [1]

SECRET WASHINGTON, January 14, 1952—11:43 a.m.
NIACT EMERGENCY

Topad 1955. Reur 1464, Jan 14. [2] Dept agreeable release Yoshida letter noon Jan 16 Tokyo time. Wording penultimate sentence, third para Yoshida letter closely corresponds with formula suggested by Chi FonMin on Oct 24 and Dept therefore believes it acceptable Chi Nat Govt. Dept reluctant request at this time from Chi Nats specific assurance on this point as this wld give Chi bargaining opportunity which might result in complications and considerable delay as to other aspects where differences may arise which will require Jap–Chi negotiations. FYI Chi note, Oct 24, [3] handed to US Chargé in Taipei [4] by Chi FonMin [5] proposed following formula to be recorded in agreed minutes at time treaty signed.

"It is mutually understood that the present treaty shall be applicable to all territories which are now and may hereafter be under the actual control of either high contracting party."

On Sept 27, Chi Nats had suggested that upon exchange of ratifications of bilateral peace treaty by Govts of Republic of Chi and Japan fol statement wld be recorded in agreed minutes:

"Present treaty shall, in respect of Republic of Chi, be applicable in all territories which are now, and which may hereafter be, under control of Govt of Republic Chi." [6]

Pls endeavor obtain Yoshida's agreement to publication Jan 16 without further discussion Chi. Senate has reassembled and there

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[1] Drafted by Allison.

[2] *Infra*. Because of the difference in time zones, telegram 1464 was received in Washington at 5:42 a.m. EST, Jan. 14.

[3] For a summary of this note, see telegram 546 from Taipei, Oct. 25, 1951, *Foreign Relations*, 1951, vol. VI, Part 1, p. 1384.

[4] Karl L. Rankin.

[5] George K.C. Yeh.

[6] For text of the Chinese memorandum handed to Chargé Rankin on Sept. 26, 1951, see telegram 419 from Taipei, Sept. 27, 1951, *Foreign Relations*, 1951, vol. VI, Part 1, p. 1362.

is urgent need of clarification. There can be no assurance that "confidential basis" would avoid leakage to press. [7]

ACHESON

[7] The text of Topad 1957 to Tokyo, sent later on Jan. 14 and marked "niact emergency" and "Sebald from Dulles"; reads: "Supplementing last para Deptel 1955 Jan. 14 it would be acceptable to us to have Yoshida letter first become known here through 'in confidence' showing to Senate Foreign Relations Committee if that is Yoshida's preference." This telegram was drafted by Dulles. (693.94/1-1452)

In Topad 1469 from Tokyo, Jan. 15, Sebald stated: "In view considerations reftel [telegram 1955] Yoshida has agreed release ltr to press at noon Jan 16 Tokyo time without further discussion Chinese." (693.94/1-1552)

In Topad 1471 from Tokyo, also Jan. 15, marked "For Dulles", Sebald stated, with reference to telegram 1957: "Prefer standing on agreement now reached (mytel 1469) and hope 'in confidence' method will not be used to release letter." (693.94/1-1552)

No. 473

693.94/1-1452: Telegram

The United States Political Adviser to SCAP (Sebald) to the Department of State

SECRET NIACT TOKYO, January 14, 1952—7 p.m.

Topad 1464. Re Deptel 1952, January 11. [1] In view Yoshida's absence at FonOff and press speculation which wld arise were I visit him there as well as undesirability thereby possibly linking USPolAd with early publication Yoshida's ltr, discussed substance Deptel 1951 [2] and reftel with Iguchi this afternoon.

After consulting Yoshida, Iguchi informed me that Yoshida raised question whether Chinese Natl Govt is agreeable to formula contained in penultimate sentence third para ltr beginning "the terms of such bilateral treaty shall . . . ." [3] Yoshida requests assurance that Chinese Natl Govt agrees this formula and unless such assurance forthcoming wld prefer not release let at this time. On other hand he wld have no objection showing ltr on confidential basis to members Senate Foreign Relations Comite. I told Iguchi that to best my knowledge Chinese Natl Govt does agree this formula but said I wld request reassurance from Dept and advise him tomorrow morning.

Yoshida also wishes notify Cabinet at mtg scheduled 1000 Jan 16 (Jan 15 is national holiday) prior releasing ltr to press and requests release be deferred until noon Jan 16 Tokyo time. As release prior

[1] Document 471.

[2] See footnote 3, Document 468.

[3] Ellipsis in the source text.

Cabinet knowledge of ltr wld be most embarrassing Yoshida, I agreed suggested deferred release time. Dept may therefore wish consider releasing text ltr 2200 Jan 15 Washington time as simultaneous release with Tokyo.

Request immed reply by niact tel marked "emergency" concerning assurance requested above.

SEBALD

No. 474

693.94/1-1552: Telegram

The Secretary of State to the Office of the United States Political Adviser to SCAP (Sebald) [1]

SECRET WASHINGTON, January 15, 1952—10:27 a.m.
NIACT EMERGENCY

Topad 1965. Sebald from Dulles. Assume and recommend letter be released without comment other than statement suggested in second sentence, first para our 1952, Jan 11.

FYI Senators worried that Japan may be seduced by Commie Chi trade promises and think advisable avoid any interpretations or qualification of letter which would increase this concern. [2]

ACHESON

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[1] Drafted by Dulles and cleared in FE with Allison.

[2] In Topad 1991 to Tokyo, Jan. 16, marked "Sebald from Dulles", the latter asked Sebald to deliver to the Prime Minister a reply to the letter of Dec. 24, 1951, and to inform him that Dulles intended to make this reply public at noon EST, Jan. 17. Text of the reply reads:

"I acknowledge the receipt by pouch of your letter of Dec. 24, 1951 in which you express the intention of your govt with ref to China. This clear statement shld dispel any misapprehensions which, as you suggest, may have arisen from statements, separated from their context and background, made during the course of debate in Japan on the ratification of the Jap Peace Treaty and the U.S.–Japan Security Treaty.

"I am grateful to you for your letter and I respect the courageous and forthright manner in which you face up to this difficult and controversial matter." (694.001/1-1652)

This letter was released on schedule.

No. 475

693.94/1-1552: Telegram

The Secretary of State to the Embassy in the Republic of China [1]

SECRET [WASHINGTON,] January 15, 1952—11:28 a.m.
PRIORITY NIACT

523. Text fol tel (to Taipei only) 524 [2] contains text Yoshida ltr to Dulles re Jap attitude toward China. Yoshida will release text to press noon Jan 16 Tokyo time.

Dept considers it desirable Taipei provide FonMin copy of text simultaneous with release in Tokyo informing him copy provided for info Chi Govt only and not for release in Taipei.

Fol for info Taipei and possible use in discussion FonMin if latter critical form or manner Yoshida statement. Dept assumes this explicit public assurance by Yoshida will be most welcome to Chi Govt. While Dept appreciates Chi Govt might have preferred public reference to scope of proposed treaty not be made this time and manner, substance statement appears satis from Chi viewpoint and as previously explained we wld not have felt able to use our good offices effectively in the face of UK attitude except as Jap announcement contained realistic definition of the scope of prospective treaty. Dept hopes Chis appreciate efforts US Govt remove major obstacles that developed to treaty relationship between Chi Govt and Japan and that Chi Govt will be gratified, as is US Govt, at this forthright statement by Yoshida of Jap intentions.

ACHESON

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[1] Repeated to Tokyo for information; drafted by Wallace W. Stuart, Acting Officer in Charge of Political Affairs in the Office of Chinese Affairs, and Dulles; and approved for transmission by Dulles. In a previous draft (attached to the source text) the third sentence of the third paragraph reads as follows:

"While Dept appreciates Chi Govt might have preferred public reference to scope of proposed treaty not be made this time and manner, substance statement appears satisfactory from Chi viewpoint and it probably would have been politically impossible Yoshida announce intention negot treaty with Natl Govt without some reference its scope". In this previous draft Dulles is not listed as a codrafter.

[2] Not printed.

No. 476

Dulles files, lot 54 D 423, "United Kingdom"

Memorandum of Telephone Conversation, by John Foster Dulles, Consultant to the Secretary of State

CONFIDENTIAL [WASHINGTON,] January 16, 1952.

Subject: Release of December 24, 1951 letter from Prime Minister Yoshida

Participants: Sir Oliver Franks
John Foster Dulles

Sir Oliver said that London felt that it was "on the spot" because of the publication in Tokyo of Yoshida's letter to me, which took them somewhat by surprise. He said that he had told only Eden of the existence of the letter and no one else. He recalled that the letter itself was not a matter of discussion at the meeting of Eden, Secretary Acheson and myself, and that probably his Government would merely take the formal line of saying that the letter had not been discussed. He hoped that we would do nothing to give a contrary impression.

I told Sir Oliver that, while it was true that the letter itself had not been discussed, the subject matter of the letter had been discussed and that if I was put in a position where I had to speak on the subject, I would have to say that the letter had been shown in advance of the meeting to Sir Oliver.

Sir Oliver recognized that that was the situation but said he hoped that we would not volunteer this fact or mention it unless we were queried on it in a way which did not permit of any avoidance. He said he would like "until the present storm blew over" to be able to take the technical position that "The Yoshida letter had not been discussed between Eden and Acheson".

I said that I did not myself foresee any occasion to make any statements whatever at the present time. [1]

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[1] In a memorandum of a telephone conversation held later on Jan. 16 Dulles stated:

"At about 12 o'clock, after talking with Mr. Rusk and Mr. White, I called back Sir Oliver and was told that he had gone to the station to meet Mr. Churchill, so I spoke to Mr. Tomlinson, saying that I hoped whatever statement his Government made about the Yoshida letter would not be couched in such a way as to give rise to any indication of bad faith on our part as that might require a reply. While it was technically true that the text of the letter had not been discussed, the letter and its text were known in advance to Sir Oliver and Mr. Eden, and the Japanese position, as set out in the letter, had been a major topic of discussion. It seemed to me, therefore, better that any statement they made should concede that the subject matter of the letter had been discussed although the text itself had not been mentioned." (Memorandum attached to the source text)

No. 477

611.94/1-1752

The United States Political Adviser to SCAP (Sebald) to the Department of State

SECRET TOKYO, January 17, 1952.

No. 1021

Subject: Japanese Government Memorandum Regarding Relations Between Japan and the Nansei and Nanpo Islands

There is enclosed for the Department's information a copy of a memorandum dated December 10, 1951, [1] submitted to the Political Adviser by Vice-Minister of Foreign Affairs Iguchi, giving a summary of the views of the Japanese Government for "sympathetic consideration by the United States Government" in connection with any arrangement made for administration of the Nansei and Nanpo Islands.

The enclosed memorandum makes reference to the keen public interest which attended Diet discussions concerning Article III of the Treaty of Peace and proposes the following measures as conducive to good relations between the United States and Japan and to a mutually satisfactory arrangement for the islands:

[Here follows a summary of the enclosure.]

The enclosed memorandum is further evidence of the strong pressure in Japan for action which will clarify the relation of the Nansei and Nanpo Islands to Japan and clear the way for eventual restoration of the islands to Japan.

There is little doubt that opposition to the separation of the Southern Islands from Japan and to renunciation of rights to the Kurile Islands and southern Sakhalin has constituted one of the strongest Japanese reactions to the Peace Treaty. This attitude appears to vary from disappointment, which is universally felt, to strong resentment, and already serves as a rallying point for critics of the Treaty and of United States policies towards Japan. Although the Soviet Union is also a target of attack because of its occupation of the Kuriles and southern Sakhalin, Japanese antipathy is perhaps less intense on this score because ties with the Southern Islands were much closer and because repatriation from the northern areas has left the loss of commercial opportunity as the main bone of contention. The United States sponsorship of the Peace Treaty has also made it possible for the finger of recrimination to be pointed at the United States.

[1] Not printed.

Japanese concern over the separation of the Nansei and Nanpo Islands has given rise to powerful political pressure in support of efforts to restore the islands to Japanese control or, as a minimum, to obtain close relations between them and Japan. This position was expressed by Diet members of all persuasions at the recent special session which approved the Peace Treaty. The inhabitants of the islands have also exerted pressure through local political agencies for close cooperation with Japan. Popular advocacy of restoration in the form of mass meetings, newspaper articles, petitions, and letters has been insistent. The inhabitants of Amami Oshima in particular appear to have devoted their entire political energy towards reversion, and probably few high-ranking officials in Japan—Japanese or American—have failed to receive at least one long and plaintive petition from some organization or individual connected with the Council for Reversion of Amami Oshima. Available evidence indicates that sentiment for restoration is no less strong even if not so vocal in the remainder of Nansei Islands. Returnees from the Bonin Islands and Japanese businessmen desiring to resume their activities have inspired a powerful movement for restoration of the Bonin and other Nanpo Islands to Japan. There appears to be little doubt that reunion of the Southern Islands with Japan is strongly desired by the inhabitants of these islands and by the Japanese people generally and that any steps taken in this direction by the United States would be most gratefully received.

Statements by responsible United States leaders have apparently not served to clarify the position of the United States or substantially to allay Japanese concern. The term "residual sovereignty" as used at the San Francisco Conference in describing the relation of Japan to the Nansei and Nanpo Islands has no exact equivalent in Japanese and has become the subject of much querulous quibbling. This term would appear to be ambiguous in English to the extent that it could refer either to legal title which would remain in Japan for the duration of United States administration and would be entirely divorced from effective control, or to an interest which would come into being at the conclusion of United States administration, as a residual right in property. Relying in part on Mr. Kenneth Younger's statement on September 5 at the San Francisco Conference that the Treaty does not remove the Ryukyus and Bonins from Japanese sovereignty, [2] the Japanese Government

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[2] In the course of his remarks before the Conference Younger, Minister of State in the British Foreign Office, stated: "As regards the Ryukyu and Bonin Islands, the treaty does not remove these from Japanese sovereignty; it provides for a continuance of United States administration over the Ryukyu Islands south of 29 north lati-

Continued

appears to lean to the first theory, but does not accept the view that this right of sovereignty can be a mere paper interest devoid of any effective power. On December 14 Ambassador John Foster Dulles stated in Tokyo his opinion and belief that a future administration of these islands could be worked out in a friendly way which would combine the natural desires of the inhabitants with the requirements of international peace and security. This statement stirred up new hope in Japan, particularly by its omission of any specific reference to a possible United Nations Trusteeship, which the Japanese appear to consider as one more possible but unnecessary barrier to resumption of Japanese control of the islands.

Because of the political importance of this issue in Japan and because an informal assurance has been given that practicable arrangements would be worked out, it would appear desirable that action in the direction of clarifying the position of the United States in this regard be taken in the near future. In particular, it is believed important before the Peace Treaty comes into force to clarify both the effect of residual sovereignty and the nationality status of the inhabitants of the islands, in order that the Japanese Government may take whatever legal steps are required for putting Article III of the Treaty into effect.

The Mission is of the opinion that close relations between Japan and the Nansei and Nanpo Islands along the lines of the enclosed memorandum should be encouraged and facilitated by the United States. Politically, this objective is lent cogency by the intense feeling of the Japanese and the islanders arising out of separation of the islands from Japan and the consequent possibility of friction in United States relations with Japan. Economically, the experience of six years of United States administration would seem to indicate that so long as they are cut off from Japan the Nansei Islands in particular are an expensive and unrewarding proposition and that the economic capabilities of all these islands will offer greater hope if they are developed in conjunction with Japan. From the point of view of the strategic requirements of the situation—the need to obtain secure bases for protection of United States interests in the western Pacific—it is understood to be the opinion of CINCFE, as transmitted to the Joint Chiefs of Staff in a recent staff study, that this protection can be adequately obtained by arrangements simi-

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tude; that is to say that those islands nearest to Japan itself are to remain not only under Japanese sovereignty, but under Japanese administration as well." For full text of Younger's statement, see Department of State, *Conference for the Conclusion and Signature of the Treaty of Peace with Japan: Record of Proceedings* (Washington, Government Printing Office, 1951), pp. 88–97.

lar to those embodied in the Security Treaty with Japan without involvement in any form of exclusive control by the United States.

The degree to which close relations between Japan and the Nansei and Nanpo Islands should be fostered and the timing of any moves in this direction would appear to be matters for determination at an appropriate time in the future. The Mission believes, however, that as a matter of policy the United States should impose only minimum restraints on political, economic, and cultural relations between Japan and these islands, and that the ultimate goal should be restoration of the Nansei and Nanpo Islands to Japan. (The ultimate disposition of Marcus Island and Parece Vela should perhaps be subject to additional consideration.) As a beginning, it is believed that the legal status of the islands should be clarified, if feasible by formal recognition of the sovereignty of Japan and the Japanese nationality of the inhabitants; the desirability of establishing Japanese Government representation in the Nansei and Nanpo Islands should also be considered with a view to assisting in the disposition of problems connected with Article III of the Treaty of Peace and other matters having to do with relations between Japan and these islands.

For the Political Adviser:
NILES W. BOND
Counselor of Mission

No. 478

693.94/1-1652: Telegram

The Secretary of State to the Embassy in the United Kingdom [1]

SECRET
PRIORITY

WASHINGTON, January 17, 1952—1:46 p.m.

3386. Reurtel 3105, Jan 16. [2] Ref Yoshida letter to Dulles re China, FYI Dept on Jan 9, prior to mtg sched for 10th between Eden and Acheson to discuss Japan–China problem, gave Brit Amb memo [3] reviewing background of UK–US discussions on this

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[1] Drafted by Dulles and approved for transmission by Allison.

[2] This telegram reads:

"FonOff completely taken aback over simultaneous publication today in Tokyo and Wash of Yoshida letter to Dulles on future Jap relations with China. Dening reports from Tokyo he given text by Jap FonOff press officer one hour before release; FonOff so far unable get thru by telephone to Brit Emb Wash ascertain whether Dept had given Franks advance warning." (693.94/1-1652)

[3] Document 466.

matter which stated among other things, "on Jan 7 Mr. Dulles recd by pouch ltr from Mr. Yoshida dated Dec 24, 1951, stating Japan's intentions as regards China." Original Yoshida ltr was shown to Brit Amb with request that he inform Eden concerning it. Amb read letter twice attentively. Jan 10 mtg did not have before it actual text of Yoshida ltr but did discuss thoroughly all issues raised by the ltr particularly intention of Yoshida to state policy now, the Senate attitude making this important for Japan to do so and the qualified nature of the contemplated Japan Treaty with Natl China, which wld be limited to "territories which are now or which may hereafter be under control of Natl Govt." [4] Eden said he cld not alter his Govt's preference that any expression of intention by Japan shld be withheld until multilateral treaty actually came into force but if this was not practicable, we wld merely have to agree to disagree and minimize importance of disagreement.

Dept advised morning of Jan 16 of Yoshida's intention to release that evening, but did not inform Brit Amb, as we assumed Brit wld prefer not to be privy. [5]

ACHESON

[4] This quotation is an apparent paraphrase of a passage in the Yoshida letter of Dec. 24.

[5] In telegram 3138 from London, Jan. 18, the Embassy replied:

"As Dept doubtless now aware, much of FonOff consternation over Yoshida letter has been due to failure Franks tell Eden about it (Deptel 3386, Jan 17). Nevertheless FonOff discussions still reflect annoyance letter not mentioned by Secretary or Dulles during Jan 10 conversation with Eden. Deptel 3300, Jan 11, giving résumé this conv, received in Emb Jan 17." (693.94/1-1852)

Telegram 3300 to London repeated Topad 1951 to Tokyo, quoted in footnote 3, Document 468.

No. 479

693.94/1-1752: Telegram

The Secretary of State to the Embassy in the Republic of China [1]

SECRET
PRIORITY

WASHINGTON, January 17, 1952—7:36 p.m.

531. Reur 896 Jan 17, [2] fol comments are numbered to correspond numbered paras reftel.

[1] Drafted by Allison and cleared with Dulles; repeated to Tokyo.

[2] In this telegram, the Embassy passed on to the Department three questions raised by the Republic of China with regard to the Yoshida letter. The questions were: what was meant by the phrase "prepared as soon as legally possible to conclude"?; what was the significance of the Prime Minister's having worded the sen-

Continued

Para two. US has consistently taken position that while bilateral treaties between Japan and other powers may be negotiated and even proceed to point of initialing final draft of document, formal signature of treaty cannot take place until multilateral treaty comes into effect. This procedure has been and is being followed in present or recent negotiation between Japan and US–Canada re fisheries, Indonesia and Phils re reparations and fisheries, and India re treaty of peace. This was explained to Amb Koo by Mr. Dulles on Jan 14.

Para three. Yoshida's wording of sentence re scope of application bilateral treaty is in line with that suggested to you on Sept 27, which was "Present treaty shall, in respect of Republic of China, be applicable in all territories which are now, and which may hereafter be, under control of Govt of Republic of China". Dept believes that unilateral form of this statement preferable in that otherwise implication might be given that Japan would at some time in the future once again take expansionist measures. It does not, in Depts opinion in any manner imply placing either Govt in inferior position.

Para four. Dept understand Yoshida's undertaking "Promptly explore this subject with Nationalist Govt" means Jap Govt will on its initiative shortly open negotiations with Nationalist Govt either through head of Jap Govt Overseas office Taipei or through dispatch of special envoy.

Dept trust above explanation will prove satisfactory to Chi Govt. In view of flurry of dissatisfaction evidenced in Brit press over Jap action it would be most helpful if Chi Govt can accept Yoshida letter in spirit written and express publicly no dissatisfaction therewith.

ACHESON

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tence on territorial application of a bilateral treaty in a unilateral fashion?; and what did Yoshida mean by his undertaking to "promptly explore this subject with the National Government"? (693.94/1-1752)

No. 480

611.94/1-1852

Memorandum by the Secretary of State and the Secretary of Defense (Lovett) to the President [1]

SECRET [WASHINGTON,] January 18, 1952.

Subject: Arrangements for United States Forces in Japan in the Post-Peace Treaty Period

1. Article 6 of the Treaty of Peace with Japan permits the stationing or retention of United States forces in Japan under a bilateral agreement between the United States and Japan.

2. In Article I of the United States–Japan Security Treaty, Japan grants and the United States accepts the right "to dispose United States land, air and sea forces in and about Japan" upon the coming into force of the Peace Treaty and the Security Treaty.

3. Article III of the Security Treaty provides that the "conditions which shall govern the disposition of armed forces of the United States of America in and about Japan shall be determined by administrative agreements between the two Governments."

4. There now remains the task of concluding with the Japanese Government the necessary agreements on the conditions which shall govern the disposition of United States forces in and about Japan in the post-Peace Treaty period. This present memorandum deals with the Administrative Agreement.

5. Decisions by the President are respectfully requested on the following:

A. That the Administrative Agreement with Japan be concluded as an Executive Agreement, after full consultation with the appropriate Committees of Congress.

The Departments of State and Defense concur in recommending that the President decide that the Administrative Agreement be negotiated and concluded as an Executive Agreement, after full consultation with the appropriate Committees of Congress.

The Administrative Agreement is in implementation of the Security Treaty with Japan which will be submitted to the Senate; as an implementing measure, it is an appropriate subject for an Executive Agreement. It is in the nature of a base agreement; post-war base agreements have generally been handled as Executive Agreements. In the case of Japan, a high degree of flexibility is desirable during the period of adjustment following the end of the Occupation; an Executive Agreement provides such flexibility. Prelimi-

[1] The source text is unsigned. A marginal note indicates that the memorandum was delivered to the White House on Jan. 18.

nary exchanges of views with the Japanese indicate that an Executive Agreement would be the preferred method of handling from the Japanese point of view, although the Japanese Government may wish to ask the Diet for legislation on certain points, such as jurisdiction. In order to ensure adequate Congressional support, it is intended that the Administrative Agreement be discussed, prior to negotiations with the Japanese, with the Foreign Relations and Armed Forces Committees of both Houses of Congress.

B. That the draft Administrative Agreement be approved as a basis for negotiation.

There is attached as Tab A the draft Administrative Agreement with Japan which, with the exception of the Article on Criminal Jurisdiction, has the concurrence of the State and Defense Departments. The Articles on Taxation and Expenses also have the concurrence of the Treasury Department. It is requested that the draft, subject to such minor modifications as may be considered desirable by the interested Departments, be approved as the basis for negotiation with the Japanese Government.

The attached draft agreement provides that facilities and areas to be used by United States forces in Japan shall be determined by the two Governments in consultation through a Joint Committee. United States forces are authorized to continue to use facilities and areas now held by them until arrangements agreed to through the Joint Committee can be made effective. As in agreements covering the maintenance of United States forces in other countries, the draft agreement with Japan confers upon the United States such rights, power and authority as are necessary or appropriate for the establishment, operation, defense and control of the facilities and areas, including transit privileges throughout Japan, the establishment of navigation and communications systems, the use of public services, and the right to establish post offices and post exchanges.

The draft Agreement provides for the military arrangements which should be taken in the event of hostilities, or in the event that hostilities in the Japan area are threatened. The two provisions, known as "Defense Measures", in Article XXII, [2] are of fundamental importance to the United States in carrying out its responsibilities under the U.S.–Japan Security Treaty. The first provision confers on the Commander of United States forces in the Japan area the authority and latitude to use these United States forces to provide for the security of Japan and for the maintenance of international peace and security in the Far East. He can also take whatever actions are necessary to ensure the security of his

[2] Text of Article XXII in the draft submitted to the President is the same as that in the extracts from a draft of Jan. 22, Document 482.

forces in Japan. In taking these actions he will not be limited by the terms of the Administrative Agreement, nor can he be legally hampered by any restrictions, delays, or lack of agreement on the part of the Japanese. Under the terms of the second provision, in the event of hostilities, or when either party believes hostilities are imminent in the Japan area, the United States may establish a combined Command, to include Japanese forces, and designate a Commander thereof, if the Japanese Government agrees to such a Command.

As for sharing costs, the draft agreement provides that Japan will furnish all real estate used by United States forces and, in addition, an amount of Japanese currency to bring the Japanese contribution to approximately one half of the local yen costs incident to the maintenance of United States forces in Japan (in the first year, this would be the equivalent in yen of $155 million). The United States would bear the other half of the yen costs and all of the dollar costs incident to pay and allowances, rations, military equipment and transportation to and from the United States. The two Governments undertake to re-examine the determination of their relative contributions from time to time in the light of the total resources which each is able to and does devote to security and of any comparable arrangements for collective security concluded by the United States with other powers.

As in agreements covering the maintenance of United States forces in other countries, the draft agreement with Japan exempts the United States Government and individual members of the armed forces and civilians brought into Japan for purposes of the agreement, from restrictions upon entry into Japan, import duties and general taxation. In recognition of Congressional policy that funds made available by the United States Government for military assistance to foreign countries shall not be spent for the payment of taxes, the United States is also exempted from taxation on the procurement of materials, supplies, equipment and services in Japan. On the subject of civil jurisdiction and the settlement of claims, the draft agreement adopts the basic formulae of the NATO Status of Forces agreement; the formula on settlement of claims will require the enactment of legislation, but it is believed that the legislation required for similar purposes in connection with the NATO agreements will suffice. The Agreement would continue in force for the duration of the Security Treaty.

Differences of View on Criminal Jurisdiction

There is a difference of view between the Departments of State and Defense on criminal jurisdiction over members of United States forces, the civilian component, and their dependents while

in Japan. The Department of State considers that the NATO Status of Forces formula should be used in Japan; the Department of Defense considers that members of United States forces, the civilian component, and their dependents should be immune from Japanese criminal jurisdiction except where this immunity is waived by the United States forces.

The Department of State view is based upon the following factors:

(a) *General policy.* Since the Declaration of Independence U.S. public policy has been opposed to the immunity of the military from the criminal jurisdiction of the civil authority. This attitude is firmly held by other Governments; the NATO Status of Forces Agreement and existing base agreements reflect the determination of Governments generally to retain criminal jurisdiction over the members of armed forces stationed in their respective territories.

(b) *Japanese opinion.* The Japanese have led the historic resistance of the people of Asia against extra-territoriality, discrimination and unequal treatment by the West. Unless the NATO formula is used with respect to Japan, the Japanese will quickly identify a gross discrimination and will assume that it means that we are trying to treat them as (1) not sovereign, (2) a defeated enemy, or (3) racially inferior. It will be difficult enough to maintain friendly relations between our forces in Japan and the Japanese people; it will be impossible if U.S. forces are looked upon as a symbol of western discrimination and arrogance toward Asiatics. Discrimination against the Japanese on the matter of jurisdiction would provide opposition parties and groups in Japan an issue on which to inflame national and racial feelings against a close association with the United States. The voluntary membership of the Japanese in the free world system is directly at stake on this issue.

(c) *Asiatic opinion.* The entire non-white world will be watching closely the nature of our relations with Japan to determine whether we are willing to work with a non-white country on the basis of equality and partnership. Widespread misgivings were expressed throughout Asia that the retention of U.S. forces in Japan would be in derogation of Japanese sovereignty. The political success of the Japanese Peace Treaty and the U.S.-Japan Security Pact would be largely undermined if our post-Treaty arrangements nullify the high ideals we expressed in connection with the conclusion of these treaties. The one great issue which will be decisive in setting the basis of our future relations with Asia will be questions of equal treatment. Our discriminations at home are a great burden upon our relations with Asia: an attempt to practice similar discriminations officially in our relations with the Governments of Asia would be considered by them to be intolerable.

(d) *Practical factors.* The issue here is not that of impairing our official activities in Japan: persons engaged in official duties are placed by the NATO formula under the primary jurisdiction of U.S. authorities. The issue is whether U.S. military personnel and the large numbers of accompanying civilians are to be exempt from Japanese criminal jurisdiction while off duty. There are no strange

"oriental" crimes in the Japanese penal system: it was modernized by 1899 and became the basis for the abolition of extra-territoriality at that time: the Japanese Penal Code was further improved and modernized under the Occupation.

(e) *Germany no precedent.* The willingness of the Germans to accept immunity of Allied forces from German criminal jurisdiction is not a persuasive precedent, particularly in face of the NATO agreement. Germany is not yet to be made sovereign as is Japan and furthermore, in its German context, there is no problem of racial discrimination.

The Department of Defense view is based upon the following considerations:

The Joint Chiefs of Staff and General Ridgway have emphatically stated that our forces in Japan should be completely immune from Japanese criminal jurisdiction as a matter of military necessity. General Handy [3] has expressed equally strong views with respect to the parallel situation of our troops in Germany. The right to subject members of our forces to any substantial extent to trial by Japanese courts for offenses against Japanese law and to punishment by Japanese authorities in Japanese penal institutions or by other authorized Japanese punishments could be so applied by Japanese officials as materially to hamper CINCFE and the members of his command in the execution of their security mission in Japan. First, it would subject members of our forces, particularly key personnel, to harassment by unfriendly local officials in a manner which would prevent them from performing their duties. It is not unlikely that such officials, motivated by resentment against the presence of our troops, or by resentment resulting from our war crimes trials of Japanese individuals, or by hostility left over from the war, or by a lack of sympathy with the mutual security objectives of the United States and Japan, would trump-up charges and carry on unjustified and time-consuming prosecutions against United States personnel and their commanders.

Another fundamental danger to our security mission would be the adverse effect on the morale of our troops resulting from—1) the possibility of harassment; 2) their being subject to strange laws and strange procedures administered by a people who have different standards and a different outlook from our own and who were not so long ago our bitter enemies; 3) the fact that they would be subject to this foreign system of justice involuntarily and not through choice; 4) the loss of "face" which would result from the assumption of jurisdiction over our troops by the Japanese; and 5) the fact that the standards of treatment in Japanese penal institutions are considerably different from ours. These considerations would also have an adverse effect on home-front morale.

The military importance of having our troops immune from the criminal jurisdiction of foreign countries (even in the case of our allies) was recognized by wartime agreements which provided for just such immunity. Its importance in "forward zones", even in

[3] Gen. Thomas T. Handy, USA, Commander in Chief, Europe.

time of "peace", is shown by the tripartite position taken in the present negotiations concerning German jurisdiction over our forces under the proposed contractual arrangements with Western Germany. This position calls for complete immunity from German criminal jurisdiction, and officials of the Bonn Government have indicated substantial acceptance of the principle.

Japan is as much, and in many ways more, of a "forward zone" than is Western Germany. It is the view of the Defense Department that the initial negotiating position of the United States vis-à-vis Japan should be one which is consistent with, rather than one which would undercut our negotiating position vis-à-vis the Federal Republic of Germany.

One additional compelling reason for not applying the NATO Status of Forces formula to our relationship with Japan is that our relationship with Japan involves no reciprocal stationing of Japanese forces in the United States. The normal NATO situation involves an exchange of personnel, so that possible unfair treatment of the nationals of one NATO state by another NATO state is limited by the fear of reprisals.

The Defense draft of Article XV governing criminal jurisdiction is drafted in the light of the foregoing considerations. This position should be presented to the Japanese as a transitional one. We should indicate that after a period of adjustment to the new status it may be re-examined. Meanwhile, we may test the practicability of the exercise of Japanese criminal jurisdiction over our personnel by waiving our immunity in proper cases.

The Departments of State and Defense concur in recommending that the President approve the attached draft Administrative Agreement as a basis for negotiation and that, in doing so, the President indicate whether he desires the U.S. Government to make arrangements with the Japanese on criminal jurisdiction which follow the NATO formula or which provide for the complete immunity of U.S. personnel from Japanese criminal jurisdiction.

[Attachment]

Draft Administrative Agreement Between the United States and Japan

[Extract]

SECRET [WASHINGTON,] January 16, 1952.

. . . . . .

ARTICLE XV

CRIMINAL JURISDICTION AND RELATED MATTERS

(Defense Draft) [4]

1. Subject to the provisions of this Article, the United States armed forces shall have the right to exercise within Japan all criminal and disciplinary jurisdiction conferred on them by United States law. Members of the United States armed forces, the civilian component, and their dependents, shall be immune from Japanese criminal jurisdiction except where this immunity is waived by the United States armed forces. This immunity, however, shall not extend to persons who are ordinarily resident in Japan, and shall not extend to persons who are Japanese nationals and are not also nationals of the United States.

2. Japanese authorities shall not arrest members of the United States armed forces, the civilian component, or their dependents, unless requested to do so by the United States armed forces, or unless the individual concerned is apprehended during the commission or attempted commission of an offense involving serious injury to persons or property, or while committing a serious breach of the peace. In the event of an arrest of such an individual by Japanese authorities, he shall immediately be remanded to the custody of the United States armed forces.

3. The United States armed forces shall have the exclusive right to arrest within United States armed forces facilities and areas. The United States armed forces may arrest any person whose conduct in or near a United States armed forces facility or area affects the security of that facility or area. Any person not subject to the jurisdiction of the United States armed forces shall immediately be remanded to the custody of Japanese authorities.

4. The United States armed forces may arrest members of the United States armed forces, the civilian component, and their dependents, anywhere within Japan, and may travel throughout Japan for the purpose of maintaining order and discipline of members of the United States armed forces, the civilian component, and their dependents.

5. The authorities of the United States and Japan shall cooperate in making available witnesses and evidence for criminal proceedings in their respective tribunals. In the event of a criminal contempt, perjury, on [*or*?] an obstruction of justice before a tribunal which does not have criminal jurisdiction over the individual com-

[4] The Department of State draft of Article XV submitted to the President on this occasion is identical to that in the draft of Dec. 21 (revised Dec. 26) in *Foreign Relations*, 1951, vol. VI, Part 1, p. 1458.

mitting the offense, he shall be tried by a tribunal which has jurisdiction over him as if he had committed the offense before it.

6. The United States armed forces shall have the exclusive right of extradition and expulsion with respect to members of the United States armed forces, the civilian component, and their dependents.

7. Japanese authorities shall have no right of search or seizure with respect to any property within United States facilities and areas, or with respect to property of the United States armed forces wherever situated. Japanese authorities shall have no right of search or seizure with respect to the persons or property of members of the United States armed forces, the civilian component, or their dependents, except as provided in paragraph 2 of this Article.

8. A death sentence shall not be carried out in Japan by the United States armed forces if the legislation of Japan does not provide for such punishment in a similar case.

. . . . . .

No. 481

611.94/1-2152:Telegram

The Secretary of State to the Office of the United States Political Adviser to SCAP (Sebald) [1]

SECRET
PRIORITY

WASHINGTON, January 21, 1952—10:14 a.m.

2020. For Sebald from Rusk.

1. This is not an action telegram. Pls furnish copy to Gen Ridgway. Immediately after Congressional consultations on Mon and Tues, [2] Dept contemplates authorizing transmission preliminary draft Admin Agreement to Yoshida by means considered most appropriate by Gen Ridgway and yourself. Believe in communicating draft it would be desirable to make fol points to Yoshida:

(a) Transmission is informal for his convenience and does not preclude U.S. negotiators from proposing other language upon arrival.

(b) We consider it of utmost importance that present text be held on most confidential basis until negotiators can have initial talks and consider public relations aspects with Jap reps and Gen Ridgway.

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[1] Drafted by Rusk and cleared with FE and the Department of Defense.

[2] Jan. 21 and 22.

(c) Present text does not attempt to deal with specific facilities and areas since these involve great mass of detail and will require continuous consultation and review by appropriate US and Jap authorities in Joint Committee. We believe this arrangement is in mutual interest and is only practical way to proceed.

(d) Present text represents genuine effort take into full account Jap views given us informally as well as basic relationship between US and Jap as equal partners in great common effort of vital concern to both. Great confidence which draft places in Jap involves correspondingly heavy obligations upon Jap to play its part.

(e) Present draft reflects US views in light of complex legal, political and economic relationships not only as between US and Jap but involving many govs in similar relationships. Hence present text should not be considered merely as an initial bargaining position; it already reflects major concessions to Jap interests and views, some of historical significance. Substantial changes would be difficult to make without serious results in vast complex of free world security arrangements and without greatly adding to burdens of world-wide responsibilities which US is now required to carry. [3]

ACHESON

[3] In Topad's 2021 and 2033 to Tokyo, Jan. 21 and 22, respectively, the Department transmitted final revisions of the draft administrative agreement. In the latter telegram the Department authorized presentation of the draft to the Prime Minister. (611.94/1-2152 and 611.94/1-2252)

In Topad 1533 from Tokyo, Jan. 25, Sebald replied: "Pursuant Deptel 2033, Jan 22 draft admin agreement passed to PriMin January 24 by Gen Ridgway in my presence, together with substance Deptel 2020 Jan 21." (611.94/1-2552)

For extracts from the draft of Jan. 22, see *infra* and the attachment to Document 483.

No. 482

611.94/1-2252

Draft Administrative Agreement Between the United States and Japan [1]

[Extracts]

SECRET [WASHINGTON,] January 22, 1952.

PREAMBLE

Whereas Japan will resume its place in the international community of nations as a free and sovereign member upon the coming into effect of the Treaty of Peace with Japan:

[1] The source text is a hand-revised copy of the Dec. 21 draft. For text of Article XV as of that date, see the attachment to Acheson's memorandum, *infra*.

And whereas Japan and the United States of America will, in consequence of the Treaty of Peace with Japan, enter upon a mutual relationship of equal and sovereign nations bound together by the great principles of the Charter of the United Nations;

And whereas Japan and the United States of America on September 8, 1951, signed a Security Treaty which contains provision for the disposition of United States land, air and sea forces in and about Japan;

And whereas Article III of that Treaty states that the conditions which shall govern the disposition of the armed forces of the United States in and about Japan shall be determined by administrative agreements between the two Governments;

And whereas Japan and the United States of America are desirous of concluding practical administrative arrangements which will give effect to their respective obligations under the Security Treaty and will strengthen the close bonds of mutual interests and regard between their two peoples;

Therefore, the Governments of Japan and of the United States of America have entered into this agreement in terms as set forth below:

ARTICLE I

DEFINITIONS

In this Agreement the expression—

(a) "United States armed forces" means the personnel on active duty belonging to the land, sea or air armed services of the United States of America when in the territory of Japan.

(b) "civilian component" means the civilian persons, who are in the employ of, serving with, under contract with, or accompanying the United States armed forces in Japan, and civilian persons in the employ of or under contract with contractors of the United States armed forces in Japan, but excludes persons who are Japanese nationals or who are ordinarily residents of Japan. However, as an exception, dual nationals, US and Japanese, who are brought to Japan by the US shall not be considered as Japanese nationals for purposes of this agreement. Wherever applicable, "civilian persons" as used above includes juridical entities.

(c) "dependents" means:

(1) Spouse, and children under 21;

(2) Parents, and children over 21, if dependent for over half their support upon a member of the United States armed forces or civilian component.

ARTICLE II

FACILITIES AND AREAS

1. Japan agrees to grant to the United States the use of the facilities and areas necessary to carry out the purposes stated in Article I of the Security Treaty. Specific facilities and areas shall be determined by the two Governments in consultation through the Joint Committee provided for in Article XXIV of this Agreement. Facilities and areas in use by United States forces at the time this Agreement becomes effective may be used by such forces until other arrangements agreed to through the Joint Committee can be made effective. "Facilities and areas" include existing furnishings, equipment and fixtures necessary to the operation of such facilities and areas.

2. Japan and the United States may from time to time agree that such facilities and areas shall be returned to Japan or that additional facilities and areas may be provided.

3. The facilities and areas used by the United States armed forces shall be returned to Japan whenever they are no longer needed for purposes of this Agreement, and the United States agrees to keep the needs for facilities and areas under continual observation with a view toward such return.

4. When facilities and areas such as target ranges and maneuver grounds are temporarily not being used by the United States, interim use may be made by the Japanese authorities if in the opinion of the United States authorities such use would not be harmful to the purposes for which the facilities and areas are normally used by the United States armed forces.

ARTICLE III

DESCRIPTION OF RIGHTS

1. The United States shall have the rights, power and authority within the facilities and areas which are necessary or appropriate for their establishment, use, operation, defense or control. The United States shall also have such rights, power and authority over land, territorial waters and airspace adjacent to, or in the vicinities of such facilities and areas, as are necessary to provide access to such facilities and areas for their support, defense and control.

2. Such rights, power and authority shall include, *inter alia*, to the extent necessary to accomplish the purposes of this Agreement, the rights, power and authority:

a. To construct (including dredging and filling), operate, maintain, utilize, occupy, garrison and control the facilities and areas;

b. To remove buildings or structures, make alterations, attach fixtures, or erect additions thereto and to construct any additional buildings or structures together with auxiliary facilities;

c. To improve and deepen the harbors, channels, entrances and anchorages, and to construct or maintain necessary roads and bridges affording access to such facilities and areas;

d. To control (including the right to prohibit) in so far as may be required by military necessity, for the efficient operation and safety of the facilities and areas, anchorages, moorings, landings, takeoffs and operation of ships and waterborne craft, aircraft and other vehicles on water, in the air or on land comprising, or in the vicinity of, the facilities and areas;

e. To construct on rights of way utilized by the US such wire and radio communications facilities, including submarine and subterranean cables, pipe lines and spur tracks from railroads, as may be required for military purposes;

f. To construct, install, maintain, and employ in any facility or area any type of installation, weapon, substance, device, vessel or vehicle on or under the ground, in the air or on or under the water that may be requisite or appropriate, including meteorological systems, aerial and water navigation lights, radio and radar apparatus and electronic devices; and

g. To contract for any supplies or construction work to be furnished or undertaken in Japan for purposes of, or authorized by this agreement, without restriction as to choice of supplier or contractor.

3. The United States agrees that the above-mentioned rights, power and authority will not be exercised in such a manner as to interfere unnecessarily with navigation, aviation, communication, or land travel to or from or within Japan. All questions relating to frequencies, power and like matters used by apparatus employed by the United States designed to emit electric radiation shall be settled by mutual arrangement. As a temporary measure the United States armed forces shall be entitled to use, without radiation interference from Japanese sources, electronic devices of such power, design, type of emission, and frequencies as are reserved for such forces at the time this Agreement becomes effective.

4. Operations in the facilities and areas under the control of the United States shall be carried on with due regard for the public safety.

ARTICLE IV

CHANGES IN CONDITION OF FACILITIES AND AREAS

1. The United States is not obliged, when it returns facilities and areas to Japan on the expiration of this Agreement or at an earlier date, to restore the facilities and areas to the condition in which they were at the coming into force of this Agreement.

2. Japan is not obliged to make any compensation to the United States for any improvements made in the facilities and areas or for the buildings or structures left thereon on the expiration of this Agreement or the earlier relinquishment of the facilities and areas.

3. The foregoing provisions shall not apply to any construction which the United States may undertake under special arrangements with Japan.

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ARTICLE XVI

CIVIL JURISDICTION AND CLAIMS

1. Each party waives all its claims against the other party for injury or death suffered in Japan by [a] member of its armed forces, or [a] civilian employee of its government, while such member or employee was engaged in the performance of his official duties.

2. Each party waives all its claims against the other party for damage to any property in Japan owned by it, if such damage was caused by a member of the armed forces or a civilian employee of the government of the other party in the performance of his official duties.

3. Claims, other than contractual, arising out of acts or omissions of members of, or employees of the United States armed forces in the performance of official duty causing injury, death, or property damage in Japan to third parties shall be dealt with by Japan in accordance with the following provisions:

(a) Claims shall be filed within one year from the date on which they arise and shall be considered and settled or adjudicated in accordance with the laws and regulations of Japan with respect to claims arising from the activities of its own armed forces or employees.

(b) Japan may settle any such claims, and payment of the amount agreed upon or determined by adjudication shall be made by Japan in yen.

(c) Such payment, whether made pursuant to a settlement or to adjudication of the case by a competent tribunal of Japan, or the final adjudication by such a tribunal denying payment, shall be binding and conclusive.

(d) The cost incurred in satisfying claims pursuant to the preceding subparagraphs shall be shared in equal proportions by Japan and the United States.

(e) In accordance with procedures to be established, a statement of all claims approved or disapproved by Japan pursuant to this paragraph, together with the findings in each case and a statement of the claims sums paid by Japan shall be sent to the United States periodically, with a request for reimbursement of the share to be paid by the United States. Such reimbursement shall be made within the shortest possible time in yen.

(f) This paragraph (3) shall not apply to any claim resulting from action by an enemy of the United States or resulting directly or indirectly from any act by armed forces engaged in combat.

4. Each party shall have the exclusive right, in the execution of the foregoing paragraphs, to determine whether its personnel were engaged in the performance of official duty.

5. Members of and civilian employees of the United States armed forces shall not be subject to suit in Japan with respect to claims specified in paragraph 3, but shall be subject to the civil jurisdiction of Japanese courts with respect to all other types of claims.

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ARTICLE XXII

DEFENSE MEASURES

1. It is recognized that, in the event of hostilities, or imminently threatened hostilities, in the Japan area, the US will not be limited by this agreement in taking the necessary actions to carry out the purposes of Article I of the US–Japan Security Treaty and to ensure the security of its forces in Japan.

2. In the event of hostilities or when, in the opinion of either party, hostilities are imminently threatened in the Japan area, the US may, in agreement with the Govt of Japan, establish a combined command and designate a comdr thereof. Such a comdr would exercise operational command over all US Forces in the Japan area and over all Japanese security organizations in Japan, except local police, capable of contributing to the defense of Japan.

ARTICLE XXIII

EXPENSES

1. Japan and the United States recognize that their relative contributions to the expenses of United States armed forces stationed in Japan in the mutual interest are to be determined in the light of the total resources which each is able to and does devote to security. They undertake to re-examine their respective contributions from time to time in accordance with the foregoing and in the light of any comparable arrangements for collective security concluded by the United States with other powers.

2. Subject to the provisions of paragraph 1 above, and pending any new determination of contributions, it is agreed that certain basic expenses of the United States armed forces stationed in Japan, such as pay and allowances, rations, military equipment, and transportation to and from Japan shall be borne by the United States, and that the local costs incident to the maintenance of such

forces in Japan shall in principle be borne on the basis of parity by the United States and Japan.

3. Pursuant to paragraph 2, it is agreed that Japan will:

(a) furnish for the duration of this Agreement without cost to the United States and make compensation where appropriate to the owners and suppliers thereof all facilities and areas, including facilities and areas jointly used such as those at airfields and ports, utilized by the US for purposes of this Agreement, and the furnishings, equipment and fixtures in use by the US on the effective date of this Agreement.

(b) make available without cost to the United States, until the effective date of any new arrangement reached as a result of a reexamination as provided in paragraph 1, for the year commencing upon the entry into force of the Treaty of Peace and annually thereafter an amount of Japanese currency equivalent to $155 million per annum, for the purpose of procurement of transportation and other requisite services and supplies in Japan. The rate of exchange at which yen payments will be credited shall at the option of the United States be the official par value or that rate most favorable to the United States which on the day of payment is available to any party: provided such rate is not unlawful and, if both countries have agreed par values with the International Monetary Fund, is not prohibited by the Articles of Agreement of the Fund.

4. Pursuant to paragraph 2, it is agreed that the United States will bear without cost to Japan, in addition to basic expenses referred to in paragraph 2, all local costs incident to the maintenance of United States armed forces in Japan except those to be borne by Japan as provided in paragraph 3.

5. It is agreed that arrangements will be effected between the Governments of Japan and the United States for accounting applicable to financial transactions arising out of this Agreement. Those arrangements will be based upon the principle that outstanding obligations of the countries to each other incurred in the implementation of this Agreement will be settled periodically.

6. Nothing herein shall prevent the United States from utilizing for the defrayment of expenses which are to be borne by the United States under this Agreement dollar or yen funds lawfully acquired by the United States through repayment of obligations of Japan to the United States or otherwise.

ARTICLE XXIV

JOINT COMMITTEE

1. A Joint Committee shall be established as the means for consultation between the United States and Japan on all matters requiring mutual consultation regarding the implementation of this Agreement. In particular, the Joint Committee shall serve as the

means for consultation in determining the facilities and areas in Japan which are required for the use of the United States in carrying out the purposes stated in Article I of the Security Treaty.

2. The Joint Committee shall be composed of a senior representative of the United States and of Japan, each of whom shall have one or more deputies and a staff. The Joint Committee shall determine its own procedures, and arrange for such auxiliary organs and administrative services as may be required. The Joint Committee shall be so organized that it may meet immediately at any time at the request of the representative of either the United States or Japan.

3. If the Joint Committee is unable to resolve any matter, it shall refer that matter to the respective governments for further consideration through appropriate channels.

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No. 483

794.0221/1-2252

Memorandum by the Secretary of State [1]

SECRET [WASHINGTON,] January 22, 1952.

MEMORANDUM OF TELEPHONE CONVERSATIONS WITH MR. LOVETT AND THE PRESIDENT

I talked with Mr. Lovett about the attached article XV draft. He and General Bradley have approved it. Mr. Lovett authorized me to speak to the President, which I did. The President authorizes us to go ahead.

The President thought that it might be well for the record, in view of the long-hand letter that he wrote to Bob and the appeal Bob sent him, [2] that I send him a short memorandum attaching this draft, saying that in accordance with the President's instructions yesterday to Mr. Lovett and me, we have worked out the attached draft, which we believe avoids discrimination against the Japanese on criminal jurisdiction, and we submit it for his approval, and authorization to go ahead with the negotiations. He will approve it, and the record will be straight.

Either Mr. Rusk or I should tell Mr. Lovett that the President has asked for this brief memorandum.

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[1] Drafted by the Secretary.

[2] Neither found.

[Attachment]

ARTICLE XV

CRIMINAL JURISDICTION

1. Pending the coming into force with respect to the United States of the "Agreement between the Parties to the North Atlantic Treaty regarding the Status of their Forces", signed at London on June 19, 1951, United States service courts and authorities shall have the right to exercise within Japan exclusive jurisdiction over all offenses which may be committed in Japan by members of the U.S. armed forces, the civilian component, and their dependents. Such jurisdiction may in any case be waived by the United States.

2. While the jurisdiction provided in the above paragraph is effective, the following provisions shall apply:

a. Japanese authorities may arrest members of the United States armed forces, the civilian component, or their dependents for the commission or attempted commission of an offense, but in the event of such an arrest, the individual or individuals shall be immediately remanded to the custody of the United States armed forces.

b. The United States armed forces shall have the exclusive right to arrest within facilities and areas in use by United States armed forces. The United States armed forces may arrest any person whose conduct in or near such a facility or areas affects the security of that facility or area. Any person not subject to the jurisdiction of the United States armed forces shall immediately be remanded to the custody of Japanese authorities.

c. The United States armed forces may arrest members of the United States armed forces, the civilian component, and their dependents, anywhere within Japan, and may travel throughout Japan for the purpose of maintaining order and discipline of members of the United States armed forces, the civilian component, and their dependents.

d. The authorities of the United States and Japan shall cooperate in making available witnesses and evidence for criminal proceedings in their respective tribunals and shall assist each other in the making of investigations. In the event of a criminal contempt, perjury, or an obstruction of justice before a tribunal which does not have criminal jurisdiction over the individual committing the offense, he shall be tried by a tribunal which has jurisdiction over him as if he had committed the offense before it.

e. The United States armed forces shall have the exclusive right of removing from Japan members of the U.S. armed forces, the civilian component, and their dependents. The United States will give sympathetic consideration to a request by the Government of Japan for the removal of any such person for good cause.

f. Japanese authorities shall have no right of search or seizure with respect to any property within facilities and areas in use by United States, or with respect to property of the United States

armed forces wherever situated. Japanese authorities shall have no right of search or seizure with respect to the persons or property of members of the United States armed forces, the civilian component, or their dependents, except as to such persons as may be arrested in accordance with paragraph 2a of this Article.

g. A death sentence shall not be carried out in Japan by the United States armed forces if the legislation of Japan does not provide for such punishment in a similar case.

3. The United States undertakes that the United States service courts and authorities shall be willing and able to try and, on conviction, to punish all offenses against the laws of Japan which members of the United States armed forces, civilian component, and their dependents may be alleged on sufficient evidence to have committed in Japan, and to investigate and deal appropriately with any alleged criminal offense committed by members of the United States armed forces, the civilian component, and their dependents, which may be brought to their notice by Japanese authorities or which they may find to have taken place.

4. Upon the coming into force with respect to the United States of the North Atlantic Treaty Agreement referred to in paragraph 1, above, the United States will immediately conclude with Japan, at the option of Japan, an agreement on criminal jurisdiction similar to the corresponding provisions of the North Atlantic Treaty Agreement. However, in the event such option is not exercised by Japan, the jurisdiction provided for in the foregoing paragraphs shall continue in effect. In the event the said North Atlantic Treaty Agreement has not come into effect within one year from the effective date of this Agreement, the United States will, at the request of the Japanese Government, reconsider the subject of jurisdiction over offenses committed in Japan by members of the United States armed forces, the civilian component, and their dependents.

No. 484

611.91/1-2552

Memorandum by the Secretary of State to the President

SECRET WASHINGTON, January 22, 1952.

Subject: Draft Article on Criminal Jurisdiction

In accordance with your instruction to the Secretary of Defense and to me, given in our conference in your office yesterday, [1] we

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[1] No memorandum of this conversation has been found in Department of State files.

have worked out in agreement the attached draft [2] Article on Criminal Jurisdiction for the Administrative Agreement with Japan. The solution contained in this Article avoids discrimination against the Japanese in that it commits the United States, at the option of Japan, to conclude with Japan an agreement on criminal jurisdiction similar to the corresponding provisions of the NATO Status of Forces Agreement as soon as the latter agreement comes into force with respect to the United States. In the period before the coming into effect of the NATO Status of Forces Agreement, the attached solution would provide for exclusive jurisdiction by our own service courts and authorities over all offenses which may be committed in Japan by members of the U.S. armed forces, the civilian component and their dependents. Because of the wide variety of arrangements which we now have with other countries, pending the effective operation of the NATO Status of Forces Agreement, it is impossible to draft an arrangement with Japan which is exactly parallel to any considerable number of our present arrangements with other countries. However we feel that there are sufficiently adequate precedents now existing for the interim application of exclusive jurisdiction as to give the Japanese no legitimate cause for alleging discrimination. This is particularly true since the Japanese will have an opportunity to choose the NATO formula when the United States ratifies the NATO Agreement.

The Secretary of Defense and the Chairman of the Joint Chiefs of Staff agree with the attached draft article and join with me in recommending that the President approve it and authorize the negotiations to begin. [3]

DEAN ACHESON

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[2] See the attachment to the memorandum, *supra*.

[3] The following notation is handwritten in the margin: "Approved Harry S. Truman 1/25/52".

No. 485

794.0221/1-2252

Memorandum by the Director of Central Intelligence (Smith) to the Secretary of State [1]

SECRET [WASHINGTON,] January 22, 1952.

Subject: Draft Administrative Agreement Between the United States of America and Japan

1. The State Department "Draft Administrative Agreement Between the United States of America and Japan" dated 21 December 1951 has been referred by the State Department to CIA for its views.

2. Along with Article XV titled "Criminal Jurisdiction" (State Draft) is an Article XV titled "Criminal Jurisdiction and Related Matters" (Defense Draft). CIA favors the Defense Draft because the latter provides for immunity from arrest for United States Armed Services civilian component and dependent personnel by Japanese authorities except for actions involving serious injury or death to individuals, whereas the State Draft places such persons in jeopardy for any offense committed under Japanese law.

3. I feel strongly that United States personnel in post-treaty Japan are entitled to a degree of U.S. protection and immunity from local arrest not normally accorded to foreigners because of the nature of their duties. Those negotiating the administrative agreement with the Japanese should attempt to secure this protection to the maximum extent possible without jeopardizing our overall national policy objectives in Japan. [2]

WALTER B. SMITH

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[1] This memorandum was attached to a memorandum of the same date, not printed, from John F. Killea, Director of the Executive Staff in the Office of the Special Assistant for Intelligence, to Gerald Warner, Officer in Charge of Japanese Affairs.

[2] In a reply of Feb. 4, Allison stated that agreement on the compromise draft Article XV had already been reached by the time Smith's memorandum had been received. "Basically, it was agreed that upon the coming into force of the North Atlantic Treaty Agreement the United States will immediately conclude with Japan an agreement on criminal jurisdiction similar to the corresponding provisions of the North Atlantic Treaty Agreement. In the interim it is proposed that criminal jurisdiction be exercised along lines proposed in the Defense Draft to which you refer." (611.94/1-2252)

No. 486

694.001/1-2452

Memorandum of Conversation, by the Secretary of State

SECRET [WASHINGTON,] January 24, 1952.

Prompt Senate Ratification of the Japanese Peace Treaty [1]

I discussed with the President the relation between the ratification of the Japanese Peace Treaty before the Senate and the completion of the administrative agreement. The President is very clear that we should press forward with the ratification of the treaties and that it would be a great misfortune to have action delayed or withheld pending the completion of the administrative agreement. He told me that Senator Green [2] spoke to him about this, and that he gave the Senator a very clear exposition of the above view. He will give us whatever help he can on this matter.

[1] The Senate Foreign Relations Committee held hearings on the four Pacific treaties Jan. 21-23 and Jan. 25. See Senate Committee on Foreign Relations, 82d Cong., 2d Sess., *Japanese Peace Treaty and Other Treaties Relating to Security in the Pacific, Hearings* (Washington, Government Printing Office, 1952).

[2] Theodore Green (D-Rhode Island), a member of the Senate Foreign Relations Committee.

No. 487

611.94/1-2452

The Deputy Director of Central Intelligence (Dulles) to the Acting Assistant Secretary of State for Far Eastern Affairs (Allison)

TOP SECRET WASHINGTON, 24 January 1952.

DEAR JOHN: I beg to refer to the personal and confidential memorandum from Prime Minister Yoshida addressed to John Foster Dulles dated 27 December 1951, [1] received through General Ridgway. Following our conversations, [2] paragraph 3 of this memorandum was summarized in a cable to our Senior Representative in Tokyo with the suggestion that General Ridgway might find an appropriate occasion to advise Prime Minister Yoshida that the appropriate authorities here are interested in his suggestion and are giving it most careful study with a view to a more detailed discussion of the matter with him at an early date. In this cable we fur-

[1] See the editorial note, *Foreign Relations*, 1951, vol. VI, Part 1, p. 1471.

[2] No record of conversations between Dulles and Allison on this topic has been found in Department of State files.

ther suggested that General Ridgway might wish to add that the appropriate authorities here trust that the Prime Minister would be able to develop a program which would include his ideas as to the role which would be played respectively by his people and by our people so that the next conference might lead toward agreement on a course of action. The general substance of our outgoing cable was discussed with you.

Under date of 12 January 1952, we received a reply from our Senior Representative in Tokyo stating that he was authorized by General Ridgway to advise us that he is thoroughly in accord with the procedure outlined and that he will take it up with the Prime Minister at an early date and will then advise us further.

Meanwhile, in view of the fact that Brigadier General Ennis has been brought into the matter by General Ridgway, we have given General Bolling an outline of our cables to and from Tokyo on this matter. [3]

Faithfully yours,

ALLEN W. DULLES

[3] In a letter to Allison dated Jan. 18, Allen Dulles wrote that the CIA had by then been informed that General Ridgway had delivered to the Prime Minister the message outlined above. "The Prime Minister replied that he did not have a plan but would develop one. Apparently his idea of assistance is based largely on the use of business agents for the sale of cheap merchandise, such as cotton goods. Such agents would move via Formosa and Southeast Asia, not through Korea.

"As soon as we receive the Prime Minister's plan, we will get in touch with you with a view to obtaining such policy guidance as you may consider appropriate to give." (611.94/1-2852)

No. 488

794C.0221/1-2552

Memorandum by Myron M. Cowen, Consultant to the Secretary of State, to the Secretary of State [1]

TOP SECRET [WASHINGTON,] January 25, 1952.

Subject: Disposition of the Ryukyu and Bonin Islands

On October 17, 1951 General Ridgway submitted to the Joint Chiefs of Staff with his endorsement a Staff Study prepared by General Headquarters, Far East Command, concerning United States Long Term Objectives with Respect to the Ryukyu Islands. A copy of this Staff Study, which was obtained by USPolAd and forwarded to the Department informally and confidentially, is at-

[1] This memorandum was drafted by Douglas W. Overton of the Office of Northeast Asian Affairs and routed through Allison, who initialed it.

tached hereto (Attachment I).[2] However, in as much as the JCS have not as yet transmitted the study to the Department, the fact that we are aware of its contents should not be discussed outside of the Department at this time.

The conclusions of the study (which General Ridgway observes are also applicable to Nampo Shoto, Parece Vela, and Marcus Island) are that the security of the strategically vital United States position along the off-shore island chain in the Western Pacific is in no way dependent on the perpetuation of United States political control, by virtue of a United Nations trusteeship or other device, over the Ryukyu Islands, and that there is no reason to suppose that the United States and Japan could not reach satisfactory arrangements retaining under United States long-term control such facilities in the Ryukyu Islands as are deemed essential by the JCS. General Ridgway, therefore, recommends that the United States initiate action to return these islands to Japanese control. However, he believes that this action should be deferred until the Treaty has been ratified and must be absolutely conditional upon a firm agreement with Japan to retain under our exclusive control such military facilities in the islands as are deemed essential by the JCS.

The conclusions reached by the Far East Command coincide with the early views of the Department that the Ryukyus should be returned to Japanese political and administrative control. As early as June, 1946, the Department proposed in SWNCC 59/1[3] that the islands should be retained by Japan and demilitarized; however, this view was strongly contested by the JCS, who maintained that the United States should obtain sole trusteeship over the area. Subsequently, after Mr. Kennan's trip to Japan in early 1948, the Department modified its position to the extent of supporting the retention of United States military installations in the Ryukyus on a long-term basis, with appropriate international arrangements regarding the disposition of the islands to be made at a later date; and on January 12, 1950 you stated in your extemporaneous talk at the National Press Club, "We hold important defense positions in the Ryukyu Islands and these we will continue to hold. In the interest of the population of the Ryukyu Islands, we will at an appropriate time offer to hold these islands under trusteeship of the United Nations."[4] However, the eventual treaty provision on the subject (Article 3) was worded in such a manner as not to bind the

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[2] This memorandum, dated Oct. 16, 1951, is not printed.

[3] Not printed.

[4] For text of Acheson's remarks, see Department of State *Bulletin*, Jan. 23, 1950, p. 111.

United States to any specific course of action. Under this Article the views of the JCS were accommodated to the point of giving the United States an option of seeking a trusteeship over Nansei Shoto south of 29° north latitude, Nampo Shoto south of Sofu Gan and Parece Vela and Marcus Island (hereafter referred to simply as the Ryukyus and Bonins); and pending the making of a trusteeship proposal and affirmative action thereon, the right to exercise any and all powers of administration, legislation, and jurisdiction over the islands and their inhabitants. The Article does not deprive Japan of sovereignty over the islands, nor does it require the United States to seek a trusteeship.

While Article 3 of the Treaty takes care of our immediate strategic interests in the area, it has become increasingly apparent during the past year that the assumption by the United States of a trusteeship over the Ryukyus and Bonins would raise a number of problems which in the long run might seriously affect the position of the United States in the Pacific. In the first place, the nearly 1,000,000 inhabitants of the islands are closely bound to Japan by ties of history, race, language, family, and trade which date back several centuries, and there has been increasing evidence that an overwhelming majority of the population actively advocates the return of the islands to Japanese control. It has been estimated that during the summer of 1951, 99% of the adult population of Amami Gunto (the northern Ryukyus) signed petitions requesting that the area be returned to Japan. Similar petitions circulated in Okinawa and the Southern Ryukyus are reported to have been signed by 74% and 80% of the adult population respectively.

Article 3 of the Treaty has also given rise to dissatisfaction among the Japanese, who regard the Ryukyus and Bonins as historically Japanese and an integral part of the Japanese homeland. This dissatisfaction has not been confined to leftist and rightist elements in Japan which are unfriendly to the United States; it has also been voiced by liberal groups who feel that the provision is contrary to the spirit of reconciliation and mutual trust inherent in the rest of the Treaty. Consequently, despite the fact that Japan has accepted the Treaty, it is probable that irredentist sentiment with regard to the Ryukyus and Bonins will persist.

A further consideration arises in the responsibilities which the United States would be required to assume as the administering authority for a trust territory of the islands. In general, both as a result of traditional United States policies in the administration of dependent areas and of the obligations set forth in the United Nations Charter, the United States would be expected to bring about the progressive improvement of political, economic, social and educational conditions in the area.

In this connection, as noted in Attachment 4,[5] the Trusteeship Council would probably show special concern with regard to the development of self-government and the allocation of governmental posts to local inhabitants; the establishment of sound economic programs with particular reference to conservation, protection of the inhabitants against exploitation, customs duties, and land alienation; measures for social and educational advancement; the encouragement of human rights and fundamental freedoms, including investigation of evidence of discrimination; and equal treatment in social, economic and commercial matters for all United Nations members. The United States would also be obligated to submit annual reports to the Trusteeship Council, to send a special representative to Council hearings to reply to questions raised, to admit visiting United Nations missions to the area, and to permit the local inhabitants to petition the Council.

Aside from the problem of close United Nations supervision over the territory which might at some time result in criticism of United States policies in that forum, particularly in regard to the possible alienation of land for military purposes, trusteeship may raise political difficulties with the inhabitants, the great majority of whom desire that the islands be returned to Japan. Furthermore, the possibility that the area, which is seriously deficient in food, basic raw materials, and industry could ever become self-sufficient, is remote, and the islands will be an economic liability to any administering power.

A number of other countries, notably India, have been sensitive to the provisions of Article 3 of the Peace Treaty, choosing to regard it as a device to perpetuate Western imperialism. While there is no reason to believe that the United States would be unable to conclude a trusteeship agreement with the United Nations, it is possible that the anti-colonial bloc in the United Nations would seek to assure that any trusteeship proposal submitted by the United States not subordinate the welfare of the native population to security considerations. It is also possible that the question of a time limit for trusteeship status might be raised. On the other hand, the Philippines, Australia and New Zealand would probably prefer that the United States assume trusteeship over the Ryukyus and Bonins in order to check any possible future moves on the part

[5] This attachment was a memorandum, not printed, entitled "Implications of Trusteeship Under U.S. Administration for the Ryukyu and Bonin Islands", dated Dec. 11, 1951, and prepared in the Office of Dependent Area Affairs. Attachments 2 and 3, neither printed, are "Excerpts from Basic Documents", Jan. 28(?), 1952, drafted by Overton, and "U.S. Rights under Article 3 of the Treaty of Peace with Japan", Jan. 15, 1952, prepared in the Office of the Assistant Legal Adviser for Far Eastern Affairs.

of Japan to expand southward. However, the present security agreements between the United States and those three countries offer them satisfactory protection, and they would probably raise no strong objection to the return of the islands to Japanese political control provided United States forces remain in the area on a long-term basis.

In the light of the foregoing considerations, I believe that it would be unwise for the United States to proceed to exercise its option under Article 3 of the Treaty of seeking a trusteeship over the Ryukyus and Bonins. The pronounced feeling on the part of the inhabitants favoring a return to Japanese control, irredentist sentiment in Japan, the depressed economic status of the islands, and the problems which might be raised by continuing full United States responsibility for the administration of the area are liabilities which the United States should seek to avoid if it is possible in any other way to safeguard United States strategic interests in the Ryukyus and Bonins. This view is now held by General Ridgway and his command; and while the JCS have not indicated to the Department any change in their previous view that we should seek a trusteeship over the islands nor informed us of General Ridgway's position, I believe that we should again raise the matter with Defense in an effort to find some means of ensuring our strategic interests in the islands without exercising political control over them.

It is accordingly recommended that:

1. The Department take the position that the United States should not exercise its option of seeking a trusteeship over the Ryukyus and Bonins, but should make bilateral arrangements with Japan for the return of the islands to Japanese control provided the United States may retain control over such military facilities in the islands as are deemed essential by the JCS.
2. I be authorized to discuss with the Department of Defense the problem of the disposition of the Ryukyus and Bonins with a view to obtaining their concurrence with the foregoing position, at the same time considering the means whereby it may be achieved.

Approved: Dean Acheson [6]

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[6] Acheson attached a brief handwritten note to this memorandum: "Mr. Allison: What happened to Mr. Dulles' idea of a Presidential Commission on this subject? D.A.".

No reply from Allison has been found in Department of State files.

No. 489

611.94/1-2652

Memorandum by the United States Political Adviser to SCAP (Sebald) to Dean Rusk, Special Representative of the President [1]

SECRET Tokyo, January 26, 1952.

Subject: Mission Views Regarding Political Effect of Administrative Agreement

1. The Mission is concerned that the situation contemplated by the draft Administrative Agreement is so similar to the present Occupation that the Yoshida Government will press for a number of changes in the draft, that there may be a significantly adverse public reaction to any Agreement substantially in the form of the present draft, and that future US–Japan relations might thereby be seriously prejudiced.

2. The property and jurisdiction aspects of the draft Agreement appear to provide no immediate important change in the status of the US forces upon the coming into force of the Peace Treaty, although US authorities will no longer have extensive criminal jurisdiction over Japanese and there is the prospect of some change in the indefinite future through the Joint Committee in respect to property and the coming into force of the NATO Agreement regarding legal status of forces. The financial burden to be borne under the proposed Agreement, though not precisely comparable to the present cost of Occupation, is undeniably a very considerable one which will probably arouse grave misgivings in Japan.

3. We consider there is a real possibility that should the Agreement be signed in substantially its present form, Japanese of all political persuasion will be seriously concerned that the Occupation is being continued under another name, while leftists and intellectual groups, already hostile to or suspicious of the United States, may take a position of strong opposition to the Administrative Agreement as well as to the Security Treaty and Peace Treaty and may be joined in this opposition by reemerging rightist elements averse to the present Japanese Government and eager to reassert their political strength.

4. We believe it probable that as a minimum the Japanese negotiators will want to study the draft Agreement at some length and

[1] Rusk received this appointment, with the personal rank of Ambassador, on Jan. 23. He arrived in Tokyo on Jan. 25, for the purpose of negotiating the Administrative Agreement, at the head of a delegation which included Earl D. Johnson, Assistant Secretary of the Army, and several technical experts.

will propose extensive revisions in wording and arrangement. [2] We do not discount the possibility that the Yoshida Government may hesitate to associate itself with the Agreement if the substance of the present draft is retained in all major respects.

5. We appreciate that the Agreement in its present form represents the considered view of the US Government and we do not propose at this point to raise matters of substance. We do, however, feel it important for political reasons in Japan that the Japanese should be given full opportunity to study and discuss the draft Agreement. Press reports from Washington indicate that the JCS desire conclusion of the Administrative Agreement as a condition precedent to US ratification of the Peace Treaty, and that the Senate may be prepared to act favorably within two or three weeks. We feel that any pressure brought to bear on the Japanese to sign the Agreement within two or three weeks would have particularly unfortunate results. As Mr. Dulles was reported to have observed before the Senate, the necessary number of ratifications of the Treaty are not likely to be deposited for several months even if the United States should ratify in the next few weeks, and this period of several months should provide more reasonable opportunity for the Japanese to consider the proposed Agreement.

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[2] On Jan. 29 the Japanese Government submitted to U.S. negotiators a document entitled "Observations and Requests in Regard to the Draft Administrative Agreement of December 21, 1951". (Tokyo Post files, 320.1 BST) This paper is not printed because of its length and because in the opinion of the editors the principal concerns of the Japanese Government regarding the Administrative Agreement are illustrated in the documentation of the actual negotiations.

No. 490

611.94/2-2352

Memorandum of Conversation, by the Counselor of the Mission in Japan (Bond)

SECRET — TOKYO, January 30, 1952.

Participants: Ambassador Rusk
Assistant Secretary Johnson
Mr. Bond
Minister Okazaki
Mr. Nishimura

Subject: Informal Discussion with Japanese Delegation Concerning Administrative Agreement Negotiations.

By mutual agreement the above listed members of the U.S. and Japanese Delegations meet at 10:15 a.m. today in Ambassador Rusk's apartment to discuss informally certain outstanding problems relating to the substance of the draft Administrative Agreement.

[Here follows discussion of draft Articles I, VI, VII, and VIII.]

Turning to Article II (Facilities and Areas), Ambassador Rusk expressed the opinion that this article lies at the heart of the Administrative Agreement. He stated that it was his impression that our two Governments are in general agreement as to the necessity of recognizing the end of the Occupation and of concluding *de novo* arrangements to cover the post-Treaty period, but that the problem is to find a practical solution. It is in search of such a solution, he added, that we have proposed the formula set forth in Article II of our draft. Ambassador Rusk pointed out that our principal concern in drafting this article was to prevent a legal lapse in our occupancy of certain facilities in order that we would not for even the shortest time be in the status of trespassers on the properties which we might be occupying. He said that he wished to emphasize, however, that we would be most anxious to begin discussions, in the Joint Committee or otherwise, with a view to resolving the question of facilities and areas. He then inquired of Mr. Okazaki as to the views of the Japanese Delegation on how this problem might be worked out as a practical matter.

Minister Okazaki replied that the principal reason for the suggested deletion of the third sentence of paragraph 1 of Article II was that certain Army and Navy units of the Occupation Forces have recently renewed the requisitioning of property in Yokosuka and other areas. He said that this had given rise to a suspicion among the Japanese people that the Occupation Forces are trying to lay their hands on as much property as possible before the Treaty comes into effect in order to be in a position to retain it during the post-Treaty period. He said that the Japanese amendment had therefore been proposed for reasons of public opinion, in which connection he felt it to be very important. Although stating that we had no knowledge of such recent instances of requisitioning, Secretary Johnson called attention to the fact that if U.S. Forces are to move out of urban areas, as the Japanese appear to desire, they must have alternative facilities elsewhere to which they can move. Minister Okazaki acknowledged that fact, and went on to say that, as a practical matter, the Japanese would favor the commencement of informal talks concerning the release of facilities as soon as possible, perhaps even before the conclusion of the Administrative Agreement. Mr. Nishimura interjected that if we could settle the problem of facilities and areas before the conclu-

sion of the Administrative Agreement, which he regarded as a real possibility, the third sentence of paragraph 1 of Article II would not be necessary.

Ambassador Rusk said that he appreciated the problem of Japanese public reactions to this question and said that he would like to put forth informally and on his own responsibility a suggestion which he believed might help to meet this problem. He went on to say that his suggestion was that it be made clear in the language of Article II that the use of facilities and areas by U.S. Forces under the Administrative Agreement would be on a new and different basis following the end of the Occupation—namely, a basis of mutual agreement and not of requisition or procurement demand. He stated that such a formula would help to emphasize the changed status of our occupancy of certain facilities which we might be obliged to retain until such time as the Joint Committee could make alternative arrangements, and that it would help to avoid a situation in which we might become illegal occupants of such facilities.

Minister Okazaki stated that it certainly is not the intention of his Government to inconvenience the U.S. Forces in the matter of facilities and areas, and that if arrangements could not be made in time, some temporary expedient would be found to legalize their occupancy of any facilities which they might need to retain. He went on to say, however, that he was strongly of the opinion that, for the reasons which he had cited, the third sentence of Article II should be deleted.

Ambassador Rusk expressed the belief that our two Governments were in general agreement on this question and that the problem was to find some means of giving written expression to that agreement. Minister Okazaki emphasized again that the important consideration from the point of view of Japanese public opinion is that the retention of facilities by U.S. Forces be by mutual agreement and not by procurement demand, i.e. not through a continuation of the occupation. This, he stated, was the only purpose behind their suggested amendment of Article II.

Following a brief conversation with Mr. Nishimura, Minister Okazaki advanced the suggestion that the Japanese amendment of Article II might be broadened to include an understanding that the substance of the deleted third sentence would be incorporated in an explanatory note or an exchange of letters outside the body of the Agreement. In response to Ambassador Rusk's question concerning the advisability of concluding any secret understandings outside the Agreement, Minister Okazaki said that it would be his suggestion that such exchange of notes be made public along with the main Agreement. Ambassador Rusk suggested that our two Delega-

tions consult further on this matter, and reiterated that our concern was that we not be placed in the position of being trespassers on Japanese properties after the end of the Occupation.

Stating that he believed it might be useful to Minister Okazaki, Ambassador Rusk then proceeded to explain some of the background of our draft of Article XV (Criminal Jurisdiction). Following this exposition, Mr. Nishimura expressed the view that the NATO formula would be ideal for Japan but that there would be technical difficulties in its adaptation, primarily because of the absence of a Japanese military establishment. He stated that the Japanese are grateful for the option given them under Article XV but that he feared that the formula for the interim period would be difficult to defend because of the fact that it accorded treatment inferior to that accorded under the Philippine Bases Agreement. [1] Ambassador Rusk pointed out that our formula does, on the other hand, hold out the promise of treatment more favorable than that accorded the Philippines, and that the provisions covering the interim period before the effective date of the NATO agreement are not substantially less favorable than those which have been in effect since 1942 with respect to the status of U.S. Forces in the United Kingdom. In this connection he emphasized that, while the U.S. Government is determined that Japan shall not be discriminated against in the matter of jurisdiction, it is also of great importance in the relations between the U.S. and its other allies that there be no discrimination against them and in favor of Japan. He went on to say that the interim period provided for before the going into effect of the NATO formula would, in fact, give the Japanese Government and the U.S. Forces the time which would be required on both sides to prepare for the transfer to the Japanese authorities of the much broader jurisdictional responsibilities embodied in the NATO concept. In response to Minister Okazaki's question as to the probable time of U.S. Senate action on the NATO formula, Ambassador Rusk expressed personally and informally the opinion that such action would probably be taken at some time during the current calendar year.

Minister Okazaki then asked if Ambassador Rusk could give him an exposition of our views concerning Article XXII (Defense Measures), in response to which Ambassador Rusk explained the background of the necessity for laying the ground work for prompt and effective joint action in the event of hostilities or threatened hostilities. Mr. Nishimura stated that his Government agrees in principle with the substance of that article but that they greatly fear the

[1] For text of the agreement concerning military bases, and exchanges of notes, signed at Manila Mar. 14, 1947, see 61 Stat. (pt. 4) 4019.

reaction of the Japanese public to Article XXII as written, particularly from the point of view of its constitutional implications. In response to a question from Ambassador Rusk, Mr. Nishimura added that it is paragraph 2 of that article which gives them the greatest concern.

Turning to the agenda for this afternoon's formal meeting, [2] Ambassador Rusk suggested that we might begin by agreeing on the revised Preamble, bypass Articles I and II for the time being, and pick out certain articles on which there appeared to be substantial agreement for final drafting by technical subcommittees. He further suggested that, if such procedure was agreeable to the Japanese Delegation, a press statement to the foregoing fact be prepared for release following the meeting.

The foregoing conversation was concluded at 12:20 P.M.

NILES W. BOND

[2] A brief summary of this meeting is in telegram 1590 from Tokyo, Jan. 30, not printed. (611.94/1-1352)

No. 491

794.0221/1-3052

Memorandum by the Acting Assistant Secretary of State for Far Eastern Affairs (Allison) to the Deputy Under Secretary of State (Matthews)

TOP SECRET [WASHINGTON,] January 30, 1952.

Subject: JCS Position on Interim Policy Guidance with respect to Japan and the Draft Directive to CINCFE on Facilities and Areas. [1]

We have received an advance copy of the comments of the Joint Chiefs of Staff [2] on the Interim Policy Guidance and the Draft Directive. Attached is a copy of what we have received. We understand that Defense will probably transmit these JCS comments to us without any comments of their own. So far as the Policy Guidance is concerned, the JCS have no objection except for one minor point which arises through a misunderstanding. We believe this difficulty can readily be eliminated.

[1] Drafts of both these documents were transmitted to the Department of Defense as enclosures to a letter of Jan. 18, from Matthews to Nash. (611.94/1-1852)

[2] Memorandum by the JCS to the Secretary of Defense dated Jan. 28, not printed, but see footnote 3 below.

On the other hand the JCS are in complete disagreement with both the substance and timing of the Draft Directive. The chief points made by them are as follows:

1. The general theory of moving out of downtown areas of Japanese metropolitan centers is fine, but there are practical difficulties. In particular the Dai Ichi Building should be retained so long as military operations in Korea continue or any other major military operations in the Far East are in process. [3]
2. No Directive should be issued until the President has determined post-Treaty relationships between CINCFE and the United States Ambassador.
3. The JCS believe that the Japanese situation demands special relationships between the Ambassador and the military. In particular the CINCFE should retain full responsibility for administering any military assistance program even if it is necessary to amend existing legislation in order to make it possible. In addition, on any matters "affecting the security of CINCFE's forces or the execution of operational plans, as determined by CINCFE, the decision of CINCFE" should prevail pending resolution of the issue in Washington.

The Joint Chiefs are transmitting their comments to CINCFE. We are sending a summary of them by telegram to Mr. Rusk and will air pouch a copy of the detailed comments. As soon as we know the nature of the Defense letter of transmittal, we will have for you some recommendations as to further action. [4]

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[3] The Joint Chiefs also stated on this point:

"The Joint Chiefs of Staff are in agreement with General Ridgway's view that for purposes of prestige, as well as for military reasons, his headquarters should be located in Tokyo during the post-treaty period."

[4] Documents in files 794.0221 and 611.94 for February 1952, indicate that instead of the procedure described here, officials of both Departments conferred informally, with the result that the Joint Chiefs of Staff prepared a new version of the draft directive, which in its final form was transmitted to the Secretary of State under cover of a letter dated Feb. 8 from Deputy Secretary Foster. (611.94/2-852) This draft directive, which left for further discussion between the two Departments the question of post-Treaty relationships between CINCFE and the Ambassador to Japan, is identical to the text submitted to the President on Feb. 15 under cover of Document 512.

No. 492

693.94/2-152/Telegram

The Ambassador in the United Kingdom (Gifford) to the Department of State

CONFIDENTIAL LONDON, February 1, 1952—3 p.m.

3340. Embtel 3308, January 30. [1] Emb understands on good authority Morrison had not been inclined to take too seriously charges Yoshida letter was breach of Dulles-Morrison agreement but was willing lend his support these charges, largely for political purposes.

Morrison's relative equanimity, however, shattered on reading Alsop column appearing in Jan 30 issue, Paris *Herald Tribune* headed "row over Formosa," especially implication FonOff knew before Dulles visit to London last June Yoshida had already decided extend limited recognition to Natl Govt. In order defend himself from charges of double-dealing, especially from his own party's backbenchers, he is now talking about active participation in attack on govt on subject Yoshida letter, and is contemplating public release of text of agreement.

GIFFORD

[1] This telegram, a résumé of debate on the Yoshida letter in the House of Commons on Jan. 30, is not printed. (693.94/1-3052)

No. 493

611.94/2-152/Telegram

The United States Political Adviser to SCAP (Sebald) to the Department of State

SECRET PRIORITY TOKYO, February 1, 1952.

1608. From SCAP to SecState; info SecDef. CX-62688. This is Sebald's 1608. No. 9. From Rusk. Rusk, Johnson, Bond met Okazaki, Nishimura Thursday [1] p.m., continuation informal discussion Articles 1, 2, 15, 21. [2]

Re Article 1, to Jap's objection inclusion of contractors and subcontractors, Rusk re-emphasized basic inequities of and US objection to taxation of US-appropriated funds either directly or indi-

[1] Jan. 31.

[2] Article XXI, entitled "Security of Forces and Property", was not discussed at the meeting. Apparently Article XXII is meant.

rectly by country in which such funds were spent for aid, security or economic assistance. Japanese experience with contractors of their own or foreign nationality unsatisfactory and unsavory. Consequently, term is surcharged with political reaction for them. Rusk suggested seeking language which would eliminate specific reference to contractors but retaining substance of meaning. Japs in essential agreement with this approach.

Re Article 15, Jap questions were posed to force a restatement of US basic thinking underlying US position, which Rusk emphatically presented, [3] whereupon Jap suggested agreement to US proposal subject to satisfactory resolution by Technical Committee. Rusk agreed and suggested simultaneous submission to Technical Committee of Article 14 [4] which met with Jap approval.

Re Article 2, Okazaki restated Jap realization of and willingness to meet needs of US forces. Stated Jap Govt's political problems this respect would be greatly alleviated if preliminary study by Joint Committee of Technical Experts could begin thorough review of requirements at once. Moreover his government is plagued by Diet and opposition with questions of respective size of garrison and magnitude of facilities and areas which will be required. He states unknowns are major source of difficulty, not principle, as his govt is desirous of meeting US needs fully.

Rusk stated such committee would need prior clarification of certain basic principles and admin agreement for guidance, but he would consult with colleagues as to feasibility such approach. Also indicated uncertain status Korean operation seriously aggravates problem estimating needs.

Johnson corrected Okazaki's impression there had been substantial recent procurement acquisitions, referred to in Rusk's Series No. 7. [5] No such acquisitions made, only survey in search of substi-

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[3] An excerpt from Bond's memorandum of this conversation follows:

"Minister Okazaki then raised the question of Article XV on Criminal Jurisdiction. Ambassador Rusk said that, for reasons which he had pointed out the previous day, it would be difficult to depart substantially from the principles set forth in our draft, but that we might move ahead if there remained only technical and drafting problems. Minister Okazaki indicated that in principle the U.S. draft of Article XV is acceptable and that all he had in mind was further discussion by technical experts as to phraseology and other details. Referring to Mr. Nishimura's comments of the previous day concerning the probable necessity for certain changes in the NATO formula in its application to Japan, Ambassador Rusk stated that he wished, in a spirit of candor, to make it perfectly clear that, although we would be disposed to agree to appropriate adaptation of the NATO formula, we would not be able to accord to Japan more favorable treatment than that accorded to the NATO countries. Mr. Nishimura said that was understood." (611.94/2-2352)

[4] Entitled "Respect for the Laws of Japan".

[5] No. 7 in the Rusk series is telegram 1594 from Tokyo, Jan. 31. (611.94/1-3152) It summarizes the talk described in the memorandum of conversation, Document 490.

tute areas. Okazaki repeated his govt's desire to provide proper and sufficient facilities and areas even to using part of 56 billion yen in new budget included under title "Security Measures". Rusk expressed appreciation their frank statement their position. Article deferred for further study by mutual agreement.

Re Article 22, Rusk forestalled additional discussion this article on grounds not prepared to discuss specific Jap comments already received. Okazaki restated his and Yoshida's belief that as practical matter in case imminent or actual hostilities American commander and combined command a necessity. However, in view forthcoming election, constitutional restrictions, and public sensitivity, paragraph 2 this article was causing real political concern. Substance indicated as being satisfactory; wording politically inexpedient.

In summary, Okazaki stated admin agreement following discussions now contains only two major politically important issues for Jap Govt, i.e., facilities and areas Article 2, and defense measures Article 22. These articles they already agree to in principle. Therefore, he believes mutually satisfactory agreement can be reached.

SEBALD

No. 494

611.94/2-452:Telegram

The United States Political Adviser to SCAP (Sebald) to the Department of State

SECRET NIACT TOKYO, February 4, 1952—6 p.m.

Topad 1623. For Allison and Dulles from Rusk. Re Deptel 2132. [1] From point of view simply of negot admin agreement it wld be preferable that peace treaty not reach Senate floor for another week, although no objection action by Fon Relations Comite. Realize that other considerations such as Formosa may result in overall decision to expedite but possibility of questions by senators about admin agreement has had useful influence in moving us along here. [2]

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[1] In telegram 2132, Feb. 2, the Department requested Rusk's views regarding the coordination of conclusion of the Administrative Agreement with ratification of the Treaty of Peace. (611.94/2-252)

[2] In Bond's memorandum of a preliminary discussion held between the Japanese and U.S. Delegations on Jan. 28, a section reads:

"Ambassador Rusk then stated that there was one other point which he wished to make clear to Minister Okazaki, and that was that the U.S. Government does not intend to use ratification of the Japanese Peace Treaty as a club over the heads of the Japanese in connection with negotiation of the Administrative Agreement. He

Continued

Principal points requiring further negot are:

(1) Japanese reluctance to include contractors and natls of third states in definition of civilian component Article I;
(2) Japanese desire to handle third sentence para one of Article II in such way as to leave no impression that occupation merely continues upon effective date peace treaty, although they say they do not object to policy of third sentence;
(3) Japanese desire to register in some way other than face of agreement that para two of Article III is included within rights given in para one same article;
(4) Some Japanese resistance interim jurisdiction arrangements Article XV continues but believe this can be overcome;
(5) Serious concern by Japanese over domestic implications para two Article XXII.

Other points are requiring further discussion, but they are likely to remain technical in character. We are continuing talks on basis present US draft and are not asking for fresh instructions yet.

I feel that we shld try to get clearer basis of agreement, particularly on Articles II and XXII, before peace treaty comes to Senate floor if possible. Under no circumstances, however, shld it be intimated in any way that timing peace treaty consideration is related to progress our negots here since effect on Japanese public attitude admin agreement cld be disastrous. I have not asked Johnson to concur these personal views but have shown this to him.

SEBALD

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stated, however, that the legislative processes of the U.S. Government are such that Senate consideration of the Japanese Peace Treaty and the bilateral Security Treaty with Japan would be facilitated and expedited by early signature of an Administrative Agreement, the substance of which would undoubtedly be of particular interest and relevance to the Senate in its consideration of Article III of the Security Treaty." (611.94/2-2352)

No. 495

Department of Defense files:Telegram

The Supreme Commander, Allied Powers (Ridgway) to the Department of the Army [1]

SECRET PRIORITY TOKYO, February 4, 1952—7:12 p.m.

C 62867. Negotiations have progressed to point where it appears gap Japanese and US positions has been virtually closed on Article I. Gap narrowing Articles II and XV. No real progress made Article XXII.

Tentatively, am approaching conclusion Japanese have fundamental disagreement with US on substance this article though they still state disagreement is not one of substance but of political sensitivity. We have made no concessions on substance and no wording change Paragraph 1, Article XXII. Have explored textual change without substantive change Paragraph 2 this article. No finalization of either textual or substantive changes will be agreed to without reference to Washington, nor am I seeking additional instructions at this time.

Believe present progress and lack of progress negotiations warrant your reviewing them in light of proposal by Senate to report treaty out of committee this week. Feel strongly open debate Senate floor this time would further add to burden of negotiations here. While am not personally privy to overall considerations of policy and developments in Far East, subject to that lack of knowledge still strongly believe that administrative agreement should come into effect simultaneously with 2 treaties.

Rusk, Ridgway have not been asked to concur, but information copies furnished them. [2]

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[1] Marked "From Earl Johnson" and "SecDef Wash DC for Frank Nash pass immediately to Secretary State, JCS Wash DC".

[2] The Department of the Army replied in message DA 900472 to CINCFE, Tokyo, dated Feb. 7. It reads:

"Sec Def requests you pass fol msg to Earl Johnson.

"Strongly concur your views re Senate action on Jap Treaty. It continues to be defense viewpoint that negotiations on admin agreement should be concluded prior to action on treaty. In connection with foregoing, have so represented to Allison and Johnson of State. It is most important that you inform us your best estimate on date of completion of negotiations.

"We are concerned about lack of progress on Article 22. Defense position on importance of including Article 22 in admin agreement remains unchanged." (Tokyo Post files, 320.1 Bilateral Security Treaty)

No. 496

State–JCS Meetings, lot 61 D 417

Memorandum of the Substance of Discussion at a Department of State–Joint Chiefs of Staff Meeting, Held in Washington, February 6, 1952, 11:30 a.m. [1]

TOP SECRET

[Here follow a list of persons present (18) and discussion of United States relations with Korea and France. Generals Bradley and Vandenberg and Admiral Fechteler attended for the Joint Chiefs. The Army was represented by the Vice Chief of Staff, General Hull and Matthews headed the Department of State group.]

Japanese Peace Treaty

Mr. Nash: Secretary Lovett has asked me to raise the question of the status of the Japanese Peace Treaty. We are concerned about the speed with which the Treaty is going through the Senate and the effect that Senate ratification might have on the negotiation of an administrative agreement in Tokyo. The Senate Foreign Relations Committee approved the Treaty yesterday. There is a possibility, perhaps a probability, that the Treaty will be called up for formal ratification in a week or two. We are very much disturbed about this. I spoke to Mr. Allison about it and told him that we thought that Mr. Dulles had agreed with General Bradley regarding the necessity of concluding a satisfactory administrative agreement and security treaty before the ratification of the peace treaty. Mr. Dulles told the Senators that he fully supported General Bradley's view on this matter. Mr. Allison now tells me that this is not Mr. Dulles' view. Secretary Lovett will have to speak to the President and to the Chairman of the Armed Forces committee with the object of deferring action on the peace treaty until we have the administrative agreement. I only wanted to call this to your attention and to let you know that we are unhappy about it. We have been emphasizing this point for two years.

With reference to the directive to General Ridgway, I have been negotiating with Mr. Allison and the JSSC. I think we should be able to go ahead vigorously with the administrative agreement and we might possibly conclude it in 10 to 14 days. If the Japanese drag their feet—and they might—we will have to hold up on the ratification of the peace treaty.

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[1] A notation on the title page reads: "State draft: Not cleared with any of the participants.)"

Mr. Matthews: I don't know much about this problem but I will look into it. Could the matter be taken care of by delay in the depositing of the ratification after the passage of the treaty?

General Hull: Once the Senate ratifies the treaty our negotiating position is shot.

General Bradley: We have been worrying about this for two years. If we cannot do anything else, we will have to hold up the depositing of the ratification until we get the administrative agreement. It would be far better, however, if the Senate did not ratify until we had the administrative agreement.

No. 497

694.001/2-652

Memorandum by the Secretary of State [1]

SECRET [WASHINGTON,] February 6, 1952.

Before the NSC meeting this afternoon, I spoke with Mr. Foster, who was substituting for Mr. Lovett, on the report given me by Mr. Matthews that Mr. Lovett might be going to speak to the President urging that consideration of the Japanese peace treaty be delayed [2] because of a message from Mr. Earl Johnson that certain difficulties were being encountered with the Japanese on the administrative agreement. I strongly urged that no such proposal should be urged upon the President and that if it were I should be present to discuss it. I pointed out that our information was that the treaty would not come before the Senate until about the 18th and might well take a week to go through the Senate. It seemed to me, therefore, that Messrs. Rusk and Johnson had plenty of time. Mr. Foster said that this might be true if the dates which I mentioned were the correct ones. However, if the Japanese got the impression from the press that the ratification of the treaty was a sure thing, they might prefer to drag out the discussions. I replied that delaying the treaty in the Senate would not help this matter and could get us into serious trouble. I said we would be glad to discuss the ways of disabusing the Japanese of the idea that ratification would be an easy matter.

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[1] Routed for action to Allison.

[2] The Senate Foreign Relations Committee had unanimously approved the treaty on Feb. 5. See Senate Committee on Foreign Relations, 82d Cong., 2d Sess., Senate Executive Report No. 2, *Japanese Peace Treaty and Other Treaties Relating to Security in the Pacific* (Washington, Government Printing Office, 1952).

I suggest that Mr. Allison and Mr. Matthews discuss this and perhaps we can find some way of giving Messrs. Rusk and Johnson appropriate material.

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No. 498

611.94/2-652: Telegram

The United States Political Adviser to SCAP (Sebald) to the Department of State

SECRET TOKYO, February 6, 1952.

1631. CX 62996. This is Sebald's 1631. No. 12 from Rusk. Progress negotiations now such as to disclose nature Jap position important points and to permit preliminary assessment further course negotiations.

Obvious from discussions thus far that while Japs are friendly and appear anxious to reach satisfactory agreement, they are nevertheless determined to press Japan's interests with great vigor and to insist upon arrangements broadly similar to those we have with other important friends, about which they are fully informed. Their attitude is underscored by pressures sensitive domestic politics and wide public interest in and wariness about admin agreement. Clear intimation in fisheries negotiation that Japan is coming into post-treaty period as major independent and self centered factor world affairs, with important implications for US foreign policy formulation, is entirely confirmed by present talks.

Fol articles tentatively agreed on basis texts already furnished Dept: Preamble, 4, 6, 7, 9, 13, 14, 17, 19, 20, 21, and new article on vehicles.

Fol articles still under technical consideration, with fair chance of satisfactory solution at technical level: 5, 8, 10, 11, 12, 18, 24, 25 and 26.

Fol articles being considered either at technical level or by Okazaki, Rusk and Johnson but involve points which still require closing of gap between two dels: 1, 2, 3, 15, 16, 22 and 23. Since this category contains heart of our proposals brief analysis each now fols:

Re: Article 1, Japs most reluctant include contractors, stateless persons and nationals third states within definition civilian component. Here they are using NATO precedents strongly. Also in background is bad reputation Jap contractors, many of whom evaded taxes and escaped obligations to other Japs by claiming special con-

tractual relationship to occupation. Japs appear willing to deal with problem contractors in special articles in such way as to protect US-appropriated funds from taxation, but do not appear impressed with our desire include contractors and contractors of contractors in broad privileges and exemptions given by inclusion definition civilian component. Stateless persons not important, but Japs object inclusion nations third state within civilian component, probably because they do not see clearly its necessity, because such are explicitly excluded in NATO formula, and there are vague fears about possible abuses this privilege by US in some way offensive to Japs. No change in my instruction this article desired.

Re: Article 2, issue still revolves about third sentence para 1. Since Japs appear willing to agree substance policy that we should not be left in position possible trespasser, we are trying find alternative language which will mean same thing as our original text. Any such language will be furnished Dept for approval before agreement in view importance this point. Japs consider our original language implies continuation occupation and seem to fear foot dragging on our part in reaching agreement on facilities and areas. They want assurance (a) that occupation ends completely in every respect upon effective date peace treaty, (b) that facilities and areas are held by our forces by agreement, (c) that we will make urgent and fair effort to get agreement facilities and areas, before effective date peace treaty if possible. Machinery for latter would be informal working group working in advance of formal joint committee which would reach provisional agreements facilities and areas to be confirmed promptly by joint committee. Gen Ridgway is prepared set up US section such informal working group at once and I consider it must be done just as soon as we can agree on text Article 2. In exchange for assurances (a), (b) and (c), Japs appear willing to give us assurance that we can remain in facilities and areas not yet agreed or provided for, pending further consultation, which is essence our present third sentence, para 1. No change instruction this art now desired, pending submission new language.

Re: Art 3, Japs have continued raise tremendous objection inclusion of para 2 in body agreement. They say they do not object substance and would include this para in formal agreed minutes of negotiations as agreed interpretation para 1. Our wording para 2 indicates its function is to explain para 1. Jap objection is based upon fact that para 2 would be obnoxious their public opinion because it is taken bodily from base agreements and even includes items not listed in Phil base agreement. They are unwilling use Phil as precedent, but where our proposals are even more severe on them than on Phil, Jap reaction is strong. "Bases" is bad word in Japan since it connotes extra territoriality, unequal treaties, and sugges-

tion we are digging in for long stay, such as 99 years. We have pointed out admin agreement inevitably includes features normal both to status of forces and base agreements, that failure to be specific in other agreements has produced misunderstanding and that public should have broad idea of meaning of para 1 so as not to be upset when we act in sense of our para 2. Firm Jap reaction continues to be that insertion para 2 "itself most regrettable and displeasing to the Jap people". My own view is that, on this issue, we should take the substance and give on the form, perhaps trying to strengthen para 1 by specific reference to alterations in facilities and areas. My recommendation is that I be authorized to accept, if it becomes necessary, deletion para 2 from Art III, subject to its being recorded in formal agreed minutes as agreed interpretation para 1. Johnson concurs. Dept now has instruction on this.

Re: Art 15, Japs have been trying hard to get modification interim arrangement which would place them "in at least as favorable a position as the Phils" prior to application NATO formula. Crux of issue is Jap desire insert new para reading as fols: "Jap courts and authorities shall have the right to exercise jurisdiction over any offense against the laws of Japan which is committed outside the facilities and areas by members of the US Armed Forces, the civilian component and their independents and the offended party of which is a Jap national." Insertion such para would require insertion words "subject to para 3 of this art" after words "US service courts and authorities" in para 1. Battery of arguments both sides are those well known Dept and we have held firm line. Japs may be trying to make strongest possible record effort in negotiation prior to final acceptance our formula. They recognize importance application NATO formula at early stage but are worried about ability opposition parties exploit interim arrangement involving exclusive jurisdiction. No new instructions desired.

Re: Art 16, Japs are pressing for US share of 75 percent in para 3 (d) as in Art 8, para 5 (e) of NATO agreement. They claim no reason why Jap should be different from NATO, no connection between settlement claims and arrangements for general expenses and no real reason why US should not pay all of valid claims arising by our acts. Request instructions degree importance we should attach to 50–50 formula. Also, Japs wish to include Art 16 new para to cover *ex gratia* payments as in para 6, Art 8, NATO agreement. Request instructions. Dept has action both points Art 15.

Further tel will come on Arts 22 and 23.

SEBALD

No. 499

611.94/2-752

The Acting Assistant Secretary of State for Far Eastern Affairs (Allison) to the Assistant to the Secretary of Defense for International Security Affairs (Nash)

TOP SECRET [WASHINGTON,] February 7, 1952.

DEAR MR. NASH: We have been discussing an Interim Policy Guidance and an Interim Directive to the Commander in Chief, Far East setting forth preliminary United States policies with respect to Japan in the post-Treaty period. In the course of these discussions we have agreed that it will be desirable to push ahead with the preparation of a National Security Council paper on Japan.

I have asked the Office of Northeast Asian Affairs to prepare a draft of such an NSC paper which can then be started through the normal NSC processes. However in commencing their consideration of such a paper, they have discovered the desirability of a military estimate of certain factors regarding the security of Japan, in order to make possible a more intelligent approach to some of the major problems of policy. Enclosed are four copies of a list of questions, the answers to which would lay a firm groundwork for the NSC paper.

I realize that some of these questions have already been the subject of considerable study, and that some of the answers have been communicated to the Department in Mr. Lovett's letter of January 10. [1] The questions are included at this time, however, partly for the sake of completeness and partly to be sure that we have the benefit of your latest thinking. Other questions listed in the enclosure it may not be possible to answer, but to the extent that even tentative answers are possible we will all have a better basis for considering what our policies toward Japan should be.

In case you believe discussion of some of these points between Defense and State representatives will be fruitful, Mr. McClurkin of the Office of Northeast Asian Affairs will be glad to consult with anyone whom you may designate.

Sincerely yours,

JOHN M. ALLISON

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[1] Reference uncertain. Possibly pertains to a letter of Jan. 10 signed on behalf of Lovett by Col. K.R. Kreps, USAF, Deputy Director of the Executive Office of the Secretary of Defense, enclosing a JCS memorandum of Dec. 12, 1951. For text of the latter memorandum, see *Foreign Relations*, 1951, vol. VI, Part 1, p. 1432.

[Enclosure]

PROBLEMS TO BE CLARIFIED PRIOR TO PREPARATION OF NSC PAPER

I. The effective potential over the next few years of United States and Japanese military forces in Japan in resisting attack.

A. To what extent is it possible and desirable from a military point of view to defend Japan against attack?

1. How much of Japan can be held against attack?
2. To what extent can Japanese production facilities remain in operation in the event of hostilities in the Japan area?
3. Is it expected that adequate shipping will be available to supply United States and Japanese military forces in Japan and Japanese industrial and civilian requirements? Can this shipping be adequately protected against attack?

B. Consistent with the answers to the foregoing, what is the estimated strength of United States air, naval and ground forces required to defend Japan effectively?

1. Consistent with Japanese resources, to what extent is it proposed to create Japanese ground forces, i.e., magnitude, character and timing, as a means of strengthening the defense of the area and of eventually releasing United States forces for duty elsewhere?
2. Is it contemplated that approval would be given to the creation of Japanese—

a. naval forces,
b. tactical air force,
c. strategic bombing force,

and if so, to what extent?

C. Consistent with the estimates made in response to B above, what will be the approximate costs of maintaining United States and Japanese forces in Japan for each of the next three years, broken down as follows:

1. Total costs of maintaining United States forces in Japan.

a. Costs to be borne by the United States.

(1) Approximately what portion of this will be expended in Japan?

b. Costs to be borne by the Japanese Government.

2. Total costs of maintaining Japanese forces.

a. Dollar expenditures of the United States for military equipment, etc.

(1) What portion of this, if any, will be expended in Japan?

b. Costs to be borne by the Japanese Government.

(1) To what extent would this involve expenditure of foreign exchange by Japan?

c. What proportion of the total costs for maintaining Japanese forces would be required for—

(1) Light military equipment,
(2) Heavy military equipment.

II. Development and use of Japanese industrial capacity for the production of military supplies and implements of war.

A. To what extent will scarcities and delays in United States industrial production have an effect on the ability of the United States to supply U.S. and Japanese forces in Japan?

1. To what extent will such shortages be a limiting factor upon the desired development of Japanese forces until alternative supplies of such resources can be made available?
2. Is there a critical year involved?

B. Mindful of the current scarcities of certain vital materials, the present and potential capabilities of Japanese industries, the alternate uses of those industrial resources, the present and future impact on the Japanese economy, the possibility of a loss of Japan in the event of a general war, and the shipping requirements to supply necessary imports for Japanese industry during a war, what are the views of Defense with respect to the development and use of industrial capacity in Japan for the production of military supplies and equipment for—

1. United States forces in Japan.
2. United States forces stationed elsewhere.
3. Japanese security forces, and
4. Other friendly forces in Asia.

C. Specifically, what are the views of Defense with reference to the types of military supplies and equipment which Japan should produce?

1. Should a distinction be made between encouragement of Japanese heavy and light armament industries?

No. 500

611.94/2-852: Telegram

The United States Political Adviser to SCAP (Sebald) to the Department of State

TOP SECRET PRIORITY Tokyo, February 8, 1952.

1649. Repeated info Secretary Defense. CX 63132. This is Sebald's 1649. No. 14 from Rusk. This tel further to my number 12. [1] Re: Article 22, our discussions have disclosed wide gap between US and Japanese on what should be said in administrative agreement this subject. In number informal talks, Okazaki tells us Japanese Govt recognizes necessity US forces act in own security in case of emergency, that in such case forces should not be limited to facilities and areas provided under administrative agreement, that it is obvious US commander should assume command in Japan and that Japanese security forces should operate under such command.

Possible that Japanese would prefer administrative agreement be silent on such matters, but they have suggested fol text Article 22:

"In the event of hostilities, or imminently threatened hostilities, in the Japan area, the Govts of Japan and the US shall immediately consult together with a view to taking necessary measures to carry out the purpose of Article 1 of the Security treaty."

Fol points have been put forward by Okazaki as basis objection inclusion our draft article:

(1) Our paragraph one does not grant us any powers which it would not otherwise enjoy, but it might give Japanese public impression, by indicating US would not be bound by administrative agreement, that latter is mere scrap of paper.

(2) Action taken by us in Japan in event emergency must be preceded or accompanied by such consultation as circumstances permit. There would always be some Minister of State available for consultation. In fact, commander would act at once and consultation would be formality.

(3) US commander's action would be limited in any event to measures securing our forces until US Govt had acted "since Congress declares war". Necessity consult own govt affords commander opportunity contact Japanese Govt.

(4) Our Article 22 goes considerably beyond reasonable interpretation Article 3 of security treaty, since latter refers to "disposition of US forces in and about Japan".

(5) Diet itself would consider commitments our Article 22 go beyond Article 3 security treaty and might insist upon legislative review entire agreement, in which Article 22 would run into great trouble.

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[1] Telegram 1631 from Tokyo, Document 498.

(6) Subject raises many other related questions of highest political and security importance which cannot be dealt with in administrative agreement.

(7) Japanese Govt is having hard enough time selling increases Japanese security forces and other difficult policy questions without undertaking heavy burden involved our Article 22.

Relevant to above is recent conversation Rusk with Miki, [2] leader of Democratic Party which is strongly supporting rearmament and close ties with US. Miki stated Japanese interest is now ranging far beyond administrative agreement and that Japanese wish to know whether we intend to consult Japan about security matters, what arrangements we have in mind for command, and what steps we have in mind for moving toward general security pact in Pacific.

Press interest here is turning toward broad security questions which are not answered by our Article 22 but which would be further stimulated thereby. Examples such questions are: Do we intend to claim right to use atom bombs from Japanese bases without consulting Japan? Will security measures be such as to make Japan independent only in name but in fact a colony of the US? What will be the relation of Japan's police reserve to US forces? What role will US play in training police reserve? Who will command? Will US forces put Japan through air raid drills in time of peace? Will active use US forces be decided by US alone or by mutual consultation and agreement? Who will decide what "contributing to the maintenance of international peace and security in the Far East" means in the security treaty? Recurring question is that of previous consultation and agreement with Japan.

We have made fol points among others to Okazaki in support our Article 22:

(1) Inescapable consequence of very existence of armed force, regardless where stationed, is that it must act in own security in event emergency and we cannot accept limitation this basic necessity, particularly in view our heavy world-wide responsibilities.

(2) Facilities and areas agreed under administrative agreement must not limit action which has to be taken as matter military necessity in case of emergency.

(3) Our draft entirely appropriate in administrative agreement as involving "conditions which shall govern the disposition, etc." specified in Article 3 security treaty.

(4) Under present conditions, where sudden and damaging attack can be delivered by lawless nations, action of forces to provide own security cannot be subject to limitations of communication and con-

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[2] A memorandum of this conversation (held on Feb. 4) by Charles N. Spinks, First Secretary of Mission, is in Tokyo Post files, 320.1 Security Treaty.

sultation. Examples such sudden attacks past 20 years used, including Korea, Pearl Harbor and Philippines.

(5) Our Article 22 merely represents actual realities situation and Japanese public should begin to face up to them if they are now under illusions.

(6) Although administrative agreement cannot enlarge upon rights in security treaty, it is equally true that it cannot diminish them.

(7) In period in which Japan is virtually disarmed and incapable of exercising strategic command, such command could only be exercised by US; in such situation all forces capable contributing to defense of Japan should be under such command. All such arrangements, however, should be on basis consultation and agreement Japanese Govt as provided our draft.

On basis previous inter-departmental discussions and our analysis situation, Johnson and I consider that fol are essential elements our position on Article 22:

(a) We should have a clear understanding that the limitations of the administrative agreement do not apply to security measures which have to be taken in the event of hostilities or imminent threat thereof.

(b) We should have a clear understanding that US forces must, in the event of hostilities or imminent threat thereof, act to carry out purposes of Article 1 of security treaty and to provide for own security on basis of tactical and strategic necessity. Any limitation on this would be limitation on security treaty itself.

(c) We should accept principle of consultation, in event hostilities or imminent threat thereof, on joint measures which US and Japan might agree to take in such emergency.

If above is correct as to what we really want, it might be possible to get Japanese agreement on Article 22 which contains our first paragraph and something like their proposal (above) as second paragraph, amended by inserting "appropriate joint measures" after "with view to taking". Even so it might be necessary to make some reference to consultation accompanying action taken under our paragraph one, consultation which would be inevitable even though we could not subject necessary action under our paragraph one to its results. Action Dept: What does US Govt think of this suggestion?

We have not yet moved into techniques of heavy pressures re Article 22. However, before we do so US Govt should carefully consider whether US interests are best protected by heavy pressure to obtain our Article 22 from reluctant Japan or by silence this matter in agreement itself. The more we talk now and publicly about such questions, the more embarrassing questions will become, the more Yoshida will feel compelled to water down meaning of agreement in statements to Diet and the more we shall un-

doubtedly have to move toward statement restricting wide open rights we now enjoy under security treaty, such as commitments to consult of the sort recently given Churchill. Best response Yoshida might now make to many questions this field is that such matters not appropriately covered by administrative agreement and should be left for further consideration two govts.

SEBALD

No. 501

611.94/2-852: Telegram

The United States Political Adviser to SCAP (Sebald) to the Department of State

TOP SECRET PRIORITY TOKYO, February 8, 1952—4 p.m.

Topad 1651. Eyes only Secretary from Rusk. No distribution outside Dept. Re my No. 14 in other series, [1] you should know that I felt before leaving Washington that present Japanese reaction was entirely predictable and that our interests would be best protected by relying upon security treaty pending more general and highly confidential talks between US and Japanese Govt this entire field. I did not press this view to highest level then because JCS felt strongly about it and I thought we could at least explore matter with Japs.

Your own consideration my No. 14 should take into account facts it reflects to some extent views held prior to departure and also fact we have not yet applied heaviest pressures in negotiation. I would regret using up such pressures on Art XXII when we may need them for Arts II, XV and XXIII which are far more important to us in substance than Art XXII.

I feel we have best chance maintaining rights security treaty by working with Japanese Govt on practical basis and not by rubbing their noses publicly in formal statements or agreements which spell out satellite status. Any attempt by us to claim that action US Forces in Japan is not intimately related to Japan's security, Japanese sovereignty and responsibility Japanese Govt is bound to fail. We might get our paragraphs on paper but lose sympathy and support our friends in Japan who are carrying heavy load Japanese public opinion on such questions as rearmament, budgetary difficulties, reparations, trade with mainland, extensive facilities and areas needed by our forces.

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[1] Telegram 1649 from Tokyo, Feb. 8, *supra*.

Japan has large, literate, trained industrious population, biggest industrial potential between Urals and US Midwest, and inevitable role leadership in Asia and is associate we cannot afford lose by mishandling this important juncture of changing relationships. I fully recognize weight of consideration advanced by JCS and necessity State–Defense teamwork and will do best to carry out final policy this matter.

SEBALD

No. 502

693.941/2-752:Telegram

The Secretary of State to the Embassy in the Republic of China [1]

SECRET
PRIORITY

WASHINGTON, February 8, 1952—7:34 p.m.

579. Reurtel 987, Feb 7. [2] Dept has through you and talks with Koo considerable insight into point of view Natl Govt and also through Dulles talks with Yoshida considerable insight as to what is in mind of Jap. From this we realize that there are certain differences which in themselves seem to us not to be of major importance but which, in atmosphere of suspicion and distrust, cld be magnified into serious obstacles to carrying out Yoshida letter to Dulles and desired result of harmony between two govts.

We have not however felt that at this stage we shld be intermediary and accordingly have not attempted communicate to Chi Natl Govt, either through Emb here or you, what we know of Jap ideas other than as publicly expressed in Yoshida letter and we have not attempted to give Jap Govt any interpretation of Chi Natl views except that under date of Jan 14 we advised Sebald for info of Yoshida that we believed Natl Govt wld accept formula of his letter to Dulles. [3]

It is our present view that negots shld be begun directly between the two govts; that they shld not be pressed or allowed to develop

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[1] Drafted and approved for transmission by Dulles; cleared with Allison in FE; and repeated for information to Tokyo marked "For Sebald."

[2] In telegram 987, Chargé Rankin stated that the Nationalist Government, while not expecting a formal reply, desired clarification on two points before the Japanese Delegation arrived in Taipei to negotiate the proposed bilateral peace treaty. "Chi Govt wants bilateral 'peace treaty' in name and in substance." Also, the government wanted the scope of the treaty's application to be covered in a document separate from it. The Chinese Government, concluded Rankin, assumed the latter point had been "discussed with Japs when US conveyed to them one of Chi Govt formulas which subsequently incorporated in Yoshida ltr to Dulles." (693.941/2-752)

[3] See Topad 1955 to Tokyo, Document 472.

into any inflammable stage but that points which two parties cannot agree on shld be laid aside until agreement reached on oher matters and then if both sides desire US wld consider in light of then circumstances using its good offices to endeavor to complete agreement.

What follows is for your info and such informal communication to Natl Govt as you think appropriate.

We were disposed in principle to accept position that formula now in Yoshida–Dulles letter cld be expressed in separate protocol doc rather than in treaty itself. However, we now feel it may not be practical to exclude formula from treaty.

We note Chi draft [4] repeats provisions of multilateral Treaty giving rights to Natls, products and vessels of the "Republic of China" and then apparently attempts to cut down scope of rights by limiting them to Natls, products and vessels of "Formosa and the Pescadores". Even this however is not done adequately.

This seems to us unsatis. It fails to reflect important feature of Yoshida–Dulles formula that Treaty shall be applicable to terrs "which may hereafter be under control of Natl Govt" [5] and in fact limits treaty operation for all time merely to islands mentioned. We wld think it preferable a) that treaty be made between "the Govt of Japan and the Natl Govt of the Republic of China"; b) that treaty be simplified so as to reduce necessity for internal definitions; and c) that final clause of the treaty limit its application to Natls, products or vessels of China in terrs "now or hereafter under control of Natl Govt of the Republic of China."

We attach, and assume Natl Govt attaches, utmost importance to meticulous avoidance of any treaty provision in favor of China which cld give rights to Commie China other than contemplated by Art 21 of multilateral Treaty or give rights to persons, products, vessels, aircraft or anything else now or hereafter under Commie *de facto* control. Also we attach importance to the "hereafter" feature of formula both to avoid any possible impairment internatl prestige Natl Govt and also to avoid possible rights to Commies if perchance any single particle of Formosa and Pescadores group shld temporarily fall under *de facto* Commie control. Therefore, from both standpoints we believe treaty shld be with "Natl Govt of Republic of China" and limited to its *de facto* control now or hereafter rather than to geographically defined territories.

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[4] Chinese draft as of this date not found in Department of State files.

[5] Quotation is apparently a paraphrase from penultimate sentence of third paragraph of the Yoshida letter.

Further detailed comments may follow. [6]

ACHESON

[6] In telegram 999 from Taipei, Feb. 11, Rankin in part stated: "FonMin [George K.C. Yeh] expressed appreciation Dept's comments re scope application (Deptel 579 February 8) and is reexamining Chi Govt draft with these considerations in mind. Ref to 'Nationalist' Govt in treaty presumably not feasible since this is not official name but same result may be obtained other ways." (693.941/2-1152)

No. 503

611.94/2-852

Memorandum by the Assistant Secretary of State for Far Eastern Affairs (Allison) to the Secretary of State

TOP SECRET [WASHINGTON,] February 9, 1952.

Subject: Collective Defense Measures with Japan

Problem

We have received two telegrams from Mr. Rusk [1] dealing with Article XXII of the Administrative Agreement which describes the collective defense measures which may be taken "in the event of hostilities or imminently threatened hostilities in the Japan area". He requests a United States Government position as to whether we press for the language in our present draft or authorize modifications of it to meet the Japanese viewpoint.

Background

Article XXII constituted one of the major points of difference between State and Defense, and it seemed likely that the decision would have to be put up to the President. However, agreement was finally reached to present to the Japanese a draft of Article XXII which provides for a unilateral United States determination as to whether an emergency exists and for the abrogation of the limitations imposed by the Administrative Agreement if necessary to carry out the purposes of Article I of the Security Treaty and to ensure the security of United States forces. A combined Command with a United States Commander may be established by agreement with the Government of Japan.

[1] Copies of telegram 1649 and Topad 1651 from Tokyo, Documents 500 and 501, are attached to the source text.

Other attachments, besides that printed below, include: Article I of the U.S.-Japan Security Treaty, the language of Article XXII from the Jan. 22 draft of the Administrative Agreement, and the original JCS language of Aug. 1951. For text of the last-named draft, see footnote 6, *Foreign Relations*, 1951, vol. VI, Part 1, p. 1283.

Current Negotiations With the Japanese

The Japanese have in these negotiations been taking the kind of position that might be expected of a friendly sovereign nation. They have informally expressed their willingness to do all that we ask in our draft of the Administrative Agreement. However, because of domestic political difficulties they cannot in a public document subscribe to some of the commitments which we have requested them to make. This situation applies particularly to Article XXII. There has been great public concern in Japan over such questions as our possible use of Japanese bases for atomic attacks upon China or Russia and possible commitments for the use of Japanese forces. In our opinion, the Japanese are not overestimating their domestic problem when they say that the provision for the virtual abrogation of the limitations of the Agreement in an emergency situation would undoubtedly create the impression among the Japanese people that the Agreement is a "mere scrap of paper".

The Japanese have put forward as their proposal the following simple statement:

"In the event of hostilities, or imminently threatened hostilities, in the Japan area, the Governments of Japan and the United States shall immediately consult together with a view to taking necessary measures to carry out the purpose of Article I of the Security Treaty."

This language does not give us a clear right to take necessary measures to meet an emergency situation, and therefore will be unsatisfactory to the Joint Chiefs. Mr. Rusk, with Earl Johnson's concurrence, says that the following should be the chief elements of our position:

(a) The limitations of the Administrative Agreement should not apply in an emergency.
(b) The United States forces must act in an emergency to carry out the purposes of the Security Treaty and to provide for their own security.
(c) We should accept the principle of consultation on joint measures which the United States and Japan might agree to take in an emergency.

Mr. Rusk suggests that we may find it both necessary and desirable to go one step further and agree to consultation even with respect to measures taken by the United States, since such consultation would inevitably have to be undertaken even though we could not make our necessary action subject to its results. He also points out that in the negotiations we still have major difficulties with respect to facilities and areas, the sharing of expenses, and jurisdic-

tion. His belief is that we should not utilize our ammunition on this article.

The last attachment [2] is a draft of language which might be a reasonable compromise. I have talked with Frank Nash about this subject, and he believes that it may be possible to find a middle ground which will be acceptable to the Joint Chiefs of Staff, and he is giving our suggested language some further consideration.

Recommendation

The United States Government should authorize Mr. Rusk to accept the principle of consultation even with respect to the measures the United States forces must take in an emergency. It should be left to Mr. Rusk's discretion to achieve the best possible result on Article XXII and the greatest advantage in the negotiations from whatever concession is made to the Japanese viewpoint. The chief reasons for the adoption of this recommendation follow:

1. Consultation with the Japanese, even in an emergency, is inevitable and would in any event be undertaken practically simultaneously with action to meet the emergency.
2. United States interests are probably best protected by avoiding public disclosure in the Agreement of the full extent of Japanese willingness to cooperate with us in the event of an emergency. Yoshida's best line now might be that these matters can most appropriately be left to further consideration and consultation between the two Governments.
3. However sweeping the language of the Agreement, it means nothing unless we have the full and willing support of the Japanese Government and people.
4. We need the support of the present Japanese Government for many measures which are unpopular in Japan—rearmament, reparations, restrictions on trade with mainland China, and facilities and areas for our forces. We should avoid imposing any further burden upon them unless it is absolutely necessary.

This subject will have to be taken up by the Joint Chiefs of Staff, but you may wish to discuss with Mr. Lovett the main questions of policy which are involved.

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[2] Printed below.

[Attachment]

ARTICLE XXII

DEFENSE MEASURES

This Agreement assumes peace, not war. It assumes that the presence of United States forces in and about Japan will deter attack and prevent hostilities in the Japan area.

If these assumptions should prove not to be the case, and if there should be hostilities or imminently threatened hostilities in the Japan area, a new situation will have arisen the character of which cannot be foreseen, and the Governments of Japan and the United States shall immediately consult together concerning the necessary measures, including appropriate joint measures, to carry out the purposes of Article 1 of the United States–Japan Security Treaty.

In the event of such hostilities or imminently threatened hostilities the Commander of the United States forces in and about Japan will have the inherent rights of a field commander whose forces are subject to hostile attack, to make such disposition of his forces in and about Japan as he may judge to be required for their safety and the performance of their mission.

No. 504

611.94/2-952:Telegram

The United States Political Adviser to SCAP (Sebald) to the Department of State

SECRET PRIORITY TOKYO, February 9, 1952.

1660. CX 63235. This is Sebald's 1660. Rptd SecDef. No. 17. From Rusk. Fol is new text art 23 which we anticipate using as basis for discussion with Japs:

"1. It is agreed that the US will bear for the duration of this agreement without cost to Japan certain basic expenses of the US Armed Forces stationed in Japan, including pay and allowances, rations, military equipment, and transportation to and from Japan.

"2. It is agreed that Japan will:

(a) Furnish for the duration of this agreement without cost to the US and make compensation where appropriate to the owners and suppliers thereof all facilities and areas as provided in art two, para one, including facilities and areas jointly used such as those at airfields and ports, utilized by the US for purposes of this agreement.

(b) Make available without cost to the US, until the effective date of any new arrangement reached as a result of periodic re-examination, an amount of Jap currency equivalent to $155 million per annum for expenses under this agreement. The rate of exchange at which yen payments will be credited shall be the official par value, or that rate most favorable to the US authorized by the Jap Govt or used in any Jap Govt transaction with any party, and which, if both countries have agreed par values with the International Monetary Fund, is not prohibited by the arts of agreement of the fund.

"3. It is agreed that arrangements will be effected between the Govts of Japan and the US for accounting applicable to financial transactions arising out of this agreement." Rationale and comments fol in later telegram.

SEBALD

No. 505

611.94/2-952:Telegram

The Secretary of State to the Office of the United States Political Adviser to SCAP (Sebald) [1]

SECRET
PRIORITY

WASHINGTON, February 9, 1952—1:24 p.m.

2185. Joint State–Defense msg. For Rusk. Urtel 1631 Feb 6 (CX 62996, Rusk's 12).

1. Re Article 3.

You are authorized accept, if it becomes necessary to conclusion Agreement, deletion para 2 subj to its being recorded in formal agreed minutes as agreed interpretation para 1 and subj foll considerations.

We are concerned by proposal relegate to secret minutes matters which shld be in agreement itself, for reasons indicated urmsg, and suggest that concession if found necessary be made only near termination negots to avoid precedent.

Believe present comprehensive language of para 1 wld not be strengthened by addition specific rights which cld be construed as limiting general authority. However, if you have suggested wording, pls submit.

Believe para 2 (g) not clearly within scope para 1 and therefore wld not be adequately covered by inclusion in agreed minutes. This right must be expressly included, perhaps in Article 11.

2. Re Article 16.

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[1] Drafted in NA and cleared by phone with the Office of the Secretary of Defense.

Believe 50–50 formula fol logically from expense formula Article 23 and shld be accepted by Jap. This need not be sticking point on entire negot and desirability concession must be evaluated in light total negotiating situation. If you consider necessary you are authorized accept 75–25.

3. Re Article 16.

No objection inclusion provision for *ex gratia* payment similar para 6 Article 8 NATO agreement. If included, suggest you point out to Japs that necessary fol administrative requirements US law within framework *ex gratia* provision.

ACHESON

No. 506

611.94/2–1052: Telegram

The United States Political Adviser to SCAP (Sebald) to the Department of State

SECRET PRIORITY TOKYO, February 10, 1952.

1664. Info SecDef CX 63288. This is Sebald's 1664, Feb 10. Number 18. From Rusk. Ref my number 17 [1] regarding Article 23. Proposed draft results from discussion Diehl, Johnson, Hamblen, Morrison and myself as effort simplification and clarity in further discussions with Japanese. Principal objection our original language is its vague and ill-defined concepts and difficulty in supporting with hard figures.

Following para references to Washington draft article 23.

Para 1 dropped since phrases "relative contribution", "total resources" as interpreted by Japanese require unnecessary financial procedures of controversial and impractical character. Binding this agreement to "any comparable arrangements for collective security concluded by US with other powers" opens way for Japs to secure copies of all such agreements and under most-favored nation reasoning bargain for concessions granted any other nation.

Para 2 retained in new draft with exception of parity principle. This concept omitted as involving calculations based on unrealistic definition of local costs.

Para 3 reworded without reducing either Japanese responsibility or financial commitment.

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[1] Telegram 1660 from Tokyo, Document 504.

Para 4 dropped as involving open end commitment by US to bear costs in all "other" category. This may have to be reinserted to meet Japanese arguments in favor of its inclusion.

In para 5, requirement for accurate accounting retained but statement of principle dropped as unnecessary to satisfactory implementation this article.

Para 6 dropped as superfluous.

Right of US to utilize dollar or yen funds lawfully acquired is unquestioned. Consider inadvisable to indicate any Jap right to block which is implied in para 6.

We understand language paras 1 and latter part para 2 intended primarily as window dressing for eyes Japanese public. Consequently we believe deletion desirable in view Japanese resistance to language.

Does Department see objection our using this draft as basis negotiation?

SEBALD

No. 507

795.00/2-2852: Telegram

The Commander in Chief, Far East (Ridgway) to the Department of Defense

SECRET TOKYO, February 11, 1952—12:55 a.m.

C 63311. Frank Nash from Earl Johnson. Department distribution only. Reurmsg DA 900472. [1] Optimistic estimate negotiations will be completed 16.

Re progress Article 22 have not receded from Dept position. However, realistic appraisal in my opinion, there is only limited chance that Japanese will accept principle of unilateral action and then only as it is nec for protection of US Armed Forces. Any other action including defense of Japan by US Forces they insist must embody principle of consultation.

Your attention invited Rusk's Serial Cable no 14 [2] to Sec State re Article 22 which sets forth problem of negotiation succinctly and fairly. Subsequent discussions confirm appraisal set forth therein. Dept should realize that bulk of our arguments have been presented. While additional pressure may result in inclusion of principles set forth our draft Article 22. The political powers in Japan most friendly to United States may be unseated if they agree. Moreover,

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[1] See footnote 2, Document 495.

[2] Telegram 1649 from Tokyo, Document 500.

if we succeed in inclusion of our principle on this basis, we may lose our cause, for as practical matter it would only be effective to degree Japanese are willing to allow it to be.

Do not know degree to which Dept position is to be held in order to achieve a world posture for reasons of German negotiations. However, desire to call your attention to following:

(a) Japanese since peace conference have been encouraged to and have assumed full sovereignty in negotiations, latest example, fisheries pact.
(b) Japanese fully informed on and unhesitatingly and cleverly exploiting their strategic position in relation to NATO, etc.
(c) Japanese thoroughly aware US domestic political situation, the home sensitivities it produces, and momentum presently behind ratification of treaties.
(d) Japanese either purposely insensitive to or interpret differently than we do the threat to their independence contained in Korean affair and lack of self defensive strength.

Suggest for your urgent consideration following:

(a) Article 22 paragraph 1 as finally approved before departing throws whole subject of defense measures in time of imminently threatened or actual hostilities back into security treaty language. In effect, grants US nothing it does not already have under that treaty.
(b) Paragraph 2 is really a vestigial remnant of what was once basis of authority for US exercising unilateral option on establishing a combined command and naming commander. As finally written, option was eliminated and was made subject to agreement. As practical matter, it gives US nothing would not have without the paragraph.
(c) Trend of negotiations indicates if pressure for unilateral action in paragraph 1 continued, Japanese will probably insist on answers to such possibly embarrassing questions as:

(1) What are our plans if Korean truce negotiations fail and what will Japan's position be?
(2) What size and composition of forces do we plan in Far East?
(3) What exactly is meant by "Japan area"?

My instructions prior departure these questions were to be avoided.
(d) Accession to Japanese demand for inclusion of consultation principle will in sense impose restrictions on rights granted under security treaty.

Request Dept advise on which is preferred course, assuming foregoing observations prove correct:

(a) Continue to press for original position and be prepared to answer embarrassing questions.
(b) Accept Japanese amendment providing diluted version.

(c) Rely on security treaty language and eliminate completely Article 22 from adm agreement.

For your information, my personal observation is that Ambassador Rusk has held shrewdly and consistently to agreed to position and will employ every possible argument for obtaining desired position.

No. 508

611.94/2-1152

Memorandum by the Joint Chiefs of Staff to the Secretary of Defense (Lovett)

TOP SECRET WASHINGTON, 11 February 1952.

Subject: Proposed Changes to the Draft Administrative Agreement Between the United States and Japan

1. In accordance with the request contained in your memorandum dated 9 February 1952, the Joint Chiefs of Staff have considered the cable from the Supreme Commander for the Allied Powers (SCAP) to the Secretary of State (DA IN 102899, dated 8 February 1952) [1] in which Mr. Rusk queried his Department as to the United States position regarding certain proposed changes in Article XXII of the Draft Administrative Agreement Between the United States and Japan.

2. From the United States military point of view, not only the present governmental authorities, but also all future governments of Japan throughout the period in which the U.S. Japan Security Treaty is in effect must, in the event of hostilities or imminently threatened hostilities in the Japan area, be unequivocally bound to:

a. Respect the rights of the United States to insure the security of its forces in Japan; and

b. Consult with the Government of the United States with a view to taking appropriate combined measures for the defense of the Japan area, such measures normally, and unless otherwise mutually agreed in the light of the ability of Japan increasingly to assume responsibility for its own defense, to include the establishment of a combined command and the designation by the United States of a commander thereof to exercise operational command over all United States forces in the Japan area and over all Japanese security organizations in Japan, except local police, capable of contributing to the defense of Japan.

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[1] Telegram 1649 from Tokyo, Document 500.

3. The right to insure the security of United States forces in Japan (see subparagraph 2a above) in the event of hostilities or imminently threatened hostilities, must be specifically recognized by the Government of Japan in order to insure that the Commander in Chief, Far East will enjoy the requisite degree of freedom of action in providing for this security. Such arrangements are an essential concomitant to the retention of United States forces in a sovereign Japan.

4. Although it might be possible at some future date to make certain adjustments in command arrangements, as warranted by increase in the capability of Japan for its own defense, or by the coming into force of such individual or collective security dispositions as are envisaged in Article IV of the United States–Japan Security Treaty, the Joint Chiefs of Staff feel that the Administrative Agreement must include provision for the establishment of a combined command and the designation of a commander thereof by the United States without which the defense of the Japan area will be jeopardized. This requirement, however, does not preclude future review of these command arrangements.

5. In consonance with the foregoing, and in light of the developments in the negotiations, the Joint Chiefs of Staff recommend that Article XXII of the Draft Administrative Agreement with Japan be revised to read as follows:

"In the event of hostilities, or imminently threatened hostilities, in the Japan area, the United States may take such actions as may be necessary to insure the security of its forces in the Japan area, and the Governments of Japan and of the United States shall immediately consult together with a view to taking necessary measures for the defense of that area and to carry out the purpose of Article I of the Security Treaty. Pending the coming into force of such individual or collective security dispositions envisaged in Article IV of the U.S.–Japan Security Treaty as will satisfactorily provide for the maintenance of international peace and security in the Japan area, it is agreed that a unified command, under a commander to be designated by the United States, would be established. This commander would exercise operational command over all United States forces in the Japan area and over all Japanese security forces in Japan, except local police, capable of contributing to the defense of Japan. As Japan becomes capable of assuming responsibility for its own defense, this arrangement may be modified by mutual agreement."

6. It will be noted that the language suggested permits such necessary adjustments as may be warranted by future increases in the capability of Japan to provide for its own defense. Additionally, the language, by reference to Article IV of the US–Japan Security Treaty, implies that the suggested command arrangements may be subject to review in the eventuality of the establishment of other

collective defense arrangements in the area. In any event, reference to the establishment of a command organization for the defense of Japan is necessary in order to provide the basis for preplanning for the contingency of hostilities.

7. In connection with all of the foregoing, the Joint Chiefs of Staff recommend that you insist that military considerations are overriding in the requirement that the substance of the matter in paragraph 2 above be included in the Administrative Agreement and that the United States Government position be in consonance therewith.

For the Joint Chiefs of Staff:
J. LAWTON COLLINS
Chief of Staff, U.S. Army

No. 509

611.94/2-1352

The Secretary of Defense (Lovett) to the Secretary of State

TOP SECRET WASHINGTON, 13 February 1952.

DEAR MR. SECRETARY: The Department of Defense has considered recommendations made by Ambassador Rusk in his message No. 14 of 8 February 1952, [1] in connection with Article XXII, "Defense Measures", in the Administrative Agreement negotiations in Japan. There is attached for your information a memorandum by the Joint Chiefs of Staff on this subject dated 11 February 1952. [2]

Representatives of our respective Departments have discussed this matter and have agreed upon the following redraft of Article XXII:

"In the event of hostilities, or imminently threatened hostilities, in the Japan area, the United States may take such actions as may be necessary to insure the security of its forces in the Japan area, and the Governments of Japan and of the United States shall immediately consult together with a view to taking necessary measures for the defense of that area and to carry out the purpose of Article I of the Security Treaty. Pending the coming into force of such individual or collective security dispositions envisaged in Article IV of the United States–Japan Security Treaty as will satisfactorily provide for the maintenance of international peace and security in the Japan area, the United States may, in agreement with the Government of Japan, establish a combined command and designate a commander thereof. This commander would exercise operational command over all United States forces in the Japan area

[1] Telegram 1649 from Tokyo, Document 500.
[2] *Supra.*

and over all Japanese security forces in Japan, except local police, capable of contributing to the defense of Japan. As Japan becomes capable of assuming responsibility for its own defense, this arrangement may be modified by mutual agreement."

If you concur in the revised draft of Article XXII, it is suggested that arrangements be made to transmit the information to Ambassador Rusk. [3] It is my view that inclusion in the Administrative Agreement of the substance of Article XXII, as worded above, is essential.

Sincerely yours,

ROBERT A. LOVETT

[3] The revised draft was transmitted to Tokyo in telegram 2193, Feb. 12, not printed. (611.94/2-1252)

No. 510

Tokyo Post files, 320.1 Bilateral Security Treaty

Memorandum by the United States Political Adviser to SCAP (Sebald) to Dean Rusk, Special Representative of the President

SECRET TOKYO, February 14, 1952.

Subject: Revised Article XXII (Deptel 2193) [1]

I believe that the penultimate sentence could be omitted without doing violence to the scope of the revised Article. The antepenultimate sentence states ". . . [2] establish a combined command and designate a commander thereof." It appears to me that a definition of what the commander might do, as contained in the following sentence, is redundant and might, in some respects, be considered as restrictive. Moreover, the commander of a combined command in time of emergency would, of necessity, perform, among other duties, the functions contained in the penultimate sentence.

As a matter of tactics, I would suggest that the Japanese be approached with the revised Article XXII, but that, in the meantime, authority be requested as an ultimate position to omit the penultimate sentence.

W. J. S.

[1] See footnote 3, *supra*.

[2] Ellipsis in the source text.

No. 511

694.001/2-1452: Telegram

The Acting Secretary of State to the United States Political Adviser to SCAP (Sebald) [1]

SECRET
PRIORITY

WASHINGTON, February 14, 1952—6:28 p.m.

Topad 2226. Eyes only Rusk from Dulles. Probably Jap peace treaty will not come before Senate before end next week and more likely week beginning Feb. 25. No important business considered this week account absences connected Lincoln's birthday speech-making. Hawaii-Alaska Statehood bills next order of business which may involve protracted debate, Jap peace treaty probably next. Despite President's policy to push ratification as rapidly as possible, irrespective status Adminis. Agreement, relying on his power to withhold deposit instrument of ratification, members Def Dept have conveyed contrary wish to enough Senators so that it wld be difficult to get Senate take up Treaty ratification until Adminis. Agreement concluded. It seems likely there may be considerable difficulty with negot Jap–Chi treaty. Accordingly hope Adminis. Agreement may be concluded by latter part of next week as otherwise there might be Senate postponement this account with possible other postponements as new controversial matters come upon scene such as difficult Formosa negots.

WEBB

[1] Drafted and approved for transmission by Dulles; cleared with Allison in FE.

No. 512

611.94/2-1552

Memorandum by the Acting Secretary of State and the Secretary of Defense (Lovett) to the President

SECRET

[WASHINGTON,] February 15, 1952.

Subject: Interim Policy with Respect to Japan

1. Attached as Tab A is a draft memorandum for your approval containing interim policy guidance with respect to Japan. This guidance is designed primarily to anticipate political, military and administrative questions that may arise in the development of the post-Treaty relationship between the United States and Japan.

2. This Interim Policy is supplementary to, and does not supersede, the current policies on Japan established by the National Security Council. If it meets with your approval, we suggest that you submit it to the National Security Council for its information, and that at the same time you request the National Security Council to prepare a policy report on Japan as soon as possible. If approved by you, the attached draft memorandum should be considered interim national policy on Japan pending the completion of the National Security Council policy report.

3. Attached as Tab B is a proposed Interim Directive to the Commander in Chief, Far East concerning the Joint Committee provided in the Administrative Agreement with Japan. The proposed directive is intimately related to the Interim Policy and incorporates it by reference. If approved by you, it will be issued by the Joint Chiefs of Staff to the Commander in Chief, Far East as interim guidance and authority concerning facilities and areas in Japan for use by United States forces.

4. It is important that there be interim policy guidance for those who are conducting United States relations with Japan in this difficult period of transition before the Treaty of Peace becomes effective. The attached documents will provide that guidance.

5. It is recommended:

a. that you approve the Interim Policy (Tab A) for immediate implementation by the Secretaries of State and Defense as appropriate.

b. that you transmit this Interim Policy to the National Security Council for its information and request the National Security Council to prepare a policy report on Japan as soon as possible, and

c. that you approve the draft directive to the Commander in Chief, Far East (Tab B). [1]

JAMES E. WEBB ROBERT A. LOVETT

[Tab A]

MEMORANDUM BY THE PRESIDENT

Subject: Interim Policy with Respect to Japan

[1] In a memorandum to the Secretary of Defense and the Acting Secretary of State dated Feb. 20, President Truman approved both the Interim Policy and the Draft Directive, directed the implementation of each, and stated that he was requesting the NSC to prepare a policy report on Japan for his consideration. (611.94/2–2052)

On Feb. 21, the President's memorandum, and the memorandum printed here, with both enclosures, were circulated to members of the National Security Council as NSC 125, "Interim Policy With Respect to Japan". (S/S–NSC files, lot 63 D 351)

On the recommendation of the Secretaries of State and Defense, I have approved the following interim policy with respect to Japan. This interim policy is supplementary to, and does not supersede, the current policies on Japan established by the NSC. It will be in effect pending the completion of a policy report on Japan which the National Security Council will now undertake to complete.

1. The security of Japan is of such vital strategic importance to the United States position in the Far East that the United States cannot permit hostile forces to gain control of any part of the territory of Japan. United States forces in Japan will be performing a security mission of the highest importance to the United States national interest.

2. The overriding requirement for United States policy affecting all post-Treaty arrangements with Japan is the necessity for preserving and strengthening the voluntary and strong commitment of the Japanese Government and people to a close association and to joint action with the United States and the free world. The United States can attain its long-range security objectives in the Far East to the fullest extent only if Japan, in its own self-interest, fully recognizes its stake in the free world, develops close political, military and economic cooperation with the United States and other free nations, particularly in Asia, and assumes its fair share of the common burdens of the free world.

3. In as much as U.S. forces in Japan will be undertaking a security mission of vital importance to the security of Japan and to the United States, post-treaty arrangements for United States forces in Japan must ensure that such forces are able to carry out their military mission, and in particular, that the Commander-in-Chief, Far East, is afforded the latitude and authority necessary to carry out his responsibilities in case of hostilities or the threat of imminent hostilities. The arrangements for the defense of Japan should be such as to permit all security forces in Japan immediately to meet an attack on Japan which could be launched without warning. The effective execution of this military mission will depend, to a great extent, upon the continuing agreement and consent of the Government of Japan.

4. To encourage Japan to become an effective, responsive and cooperative partner, the United States must accord Japan the courtesy and consideration to which her potential future role and her sovereign position entitle her. The United States attitude toward Japan must constantly show a tactful regard and a sympathetic understanding in all relations with the Japanese in which the questions of prestige, equality, status, sovereignty and "face" are involved, in view of the particular sensitivity of the Japanese to various forms of discrimination. The United States should in gener-

al accord to Japan the same relationships which exist between the United States and other friendly allies in whose territory United States forces are stationed. On the other hand, the United States should not create problems for itself in other countries by making exceptionally favorable arrangements with Japan.

5. At the same time, the Japanese must be led to understand that the United States-Japanese security arrangements are a common enterprise in which the Japanese should be even more vitally interested than we, that they are being assisted in meeting a responsibility basically their own, and that it is incumbent upon them to do everything possible to reduce or remove irritations and obstacles standing in the way of complete and cordial cooperation in this field. Full use should be made of experience in other areas to show the Japanese what "self-help and mutual aid" mean in terms of joint action, joint contribution, and joint responsibility.

6. Post-Treaty relationships between the United States and Japan will have an important bearing upon United States relations with other Governments and peoples in Asia and the Pacific. A genuinely voluntary United States-Japanese partnership will add greatly to United States prestige and influence throughout Asia; conversely, it will be disastrous if it should develop that the presence of the United States forces in Japan is contrary to the wishes of the Japanese themselves and appears to the people of Asia to be an expression of "western imperialism."

7. United States programs and courses of action with respect to Japan should be designed to promote Japan's economic development, political stability, and military contribution to the collective security of non-Communist nations in Asia. To this end, the United States should seek to preserve the positive accomplishments of the occupation to the greatest extent possible; assist Japan in building up its industrial and agricultural resources, in developing and maintaining a strong trading position, particularly with Southeast Asia; and support the establishment of Japanese military forces consistent with the requirements of a sound economy and the needs of collective security in the Far East.

8. All post-Treaty arrangements with Japan must be conducted in such a way as to maintain and advance the prestige of the United States and its representatives in Japan since such prestige is fundamental to satisfactory United States-Japanese relations. It will depend upon many factors including the political, economic, and military strength of the United States, Japanese confidence in our continuing adherence to underlying moral and political objectives which are in harmony with those of Japan, the unity of view presented by United States officials to the Japanese, and the respect and admiration for Americans as individuals.

9. Post-Treaty arrangements for United States forces in Japan should be such as to maintain the dignity, health, morale and prestige of these forces while in Japan. On the other hand, every effort should be made to prevent the security mission, the presence of United States forces in Japan, and the security arrangements with Japan from becoming a domestic political issue in Japan. Every reasonable effort should be made to allay the anxieties of non-Communist elements regarding these matters, including opposition parties, labor and intellectual groups. Both United States and Japanese authorities should make continuous efforts to develop cordial relations between the Japanese people and United States personnel in Japan.

10. The principle of consultation between appropriate United States and Japanese authorities on matters involving post-Treaty arrangements and agreements should be observed. Minor irritations might be disposed of by friendly and timely consultation on a local basis. Many questions of prestige and public relations can be handled by evidences of joint responsibility for action taken.

11. The latter portion of Article I of the Security Treaty is a provision against an emergency arising from indirect attacks upon Japan by outside powers. This article does not authorize interference by the United States in Japanese domestic political affairs.

12. A continuous and intensive orientation and information program shall be conducted among all United States military and civilian personnel in Japan in support of the policies and principles outlined above, in order to foster an attitude and conduct on the part of Americans which will strengthen friendly relations between the United States and Japan.

13. Dealings with Japanese labor should be such as to preserve, and to encourage the Japanese to preserve, the labor reforms achieved by the occupation, and in particular to encourage as far as suitable the development and strengthening of free labor union movements as the collective bargaining agencies of labor.

[Tab B]

Interim Directive to CINCFE Concerning the Joint Committee Provided in the Administrative Agreement With Japan

1. This directive consists of interim guidance and authority for conducting the United States participation in the Joint Committee provided in Article XXIV of the draft Administrative Agreement with Japan, and for the negotiations in this committee concerning facilities and areas in Japan for use by United States forces as set

forth in Article II of the above agreement. At an appropriate later date a more comprehensive directive concerning post-treaty relationships between the United States forces and Japan may be issued. It is expected, however, that such a comprehensive directive would not essentially modify the provisions of this directive. All previous instructions in conflict herewith are rescinded.

2. General:

a. An Administrative Agreement, called for in Article III of the security treaty, is being negotiated between the Governments of the United States and Japan. The United States draft of that agreement has been furnished you separately. The final version as agreed upon by the two governments will be considered as being incorporated by this reference in this directive.

b. The interim policy guidance with respect to Japan which was approved by the President on———is incorporated by this reference in this directive.

3. The Joint Committee (Article XXIV of the draft Administrative Agreement):

a. You are authorized to designate the United States Representative and Staff of the Joint Committee for the conduct of negotiations in the Joint Committee on matters within the Joint Committee's functions. However, prior to the coming into force of the United States–Japan Security Treaty, the Joint Committee will have no authority to make decisions in the manner intended by the Administrative Agreement;

b. You will keep the United States Government informed of negotiations in the Joint Committee by reports to the Joint Chiefs of Staff. Directives will be transmitted to you by the Joint Chiefs of Staff on all matters arising in the Joint Committee which require such directives;

c. Upon the coming into force of the Treaty of Peace with Japan, you will keep the United States Ambassador fully and currently informed of all negotiations in the Joint Committee. The United States Ambassador will furnish political advice to you on matters before the Joint Committee and will designate a political officer to assist the United States Representative on the committee;

4. Facilities and areas (Article II of the draft Administrative Agreement):

a. Your arrangements concerning facilities and areas for the use of United States forces in Japan should at all times be consistent with the following considerations:

(1) The efficient execution of your military mission;

(2) The availability of funds to support such arrangements;

(3) As little interference as possible with the economy of Japan; and

(4) Minimization of irritations inherent in the stationing of United States troops in a sovereign Japan;

b. Consistent with subparagraph 4 a above, you should endeavor to find facilities and areas for the use of United States forces within the following categories:

(1) Facilities and areas formerly used by Japanese armed forces;

(2) Facilities and areas designated for joint use by United States and Japanese security forces; such joint use might be actual, or contingent upon the further development of Japanese security forces;

(3) Facilities and areas specifically built for military use since 14 August 1945;

(4) New construction;

(5) Facilities and areas owned by the Japanese Government; and

(6) Facilities and areas which are available on a commercial basis.

c. United States military installations should be located to the extent feasible, within the limitations prescribed in subparagraph 4a above, outside of the down-town areas of large metropolitan centers in Japan such as Tokyo, Yokohoma, Nagoya, Kyoto, Osaka, and Kobe;

d. In anticipation of the ratification of the peace treaty, appropriate steps, consistent with subparagraph 4 a above, should be taken toward:

(1) Placing United States forces in Japan in areas planned for their post-treaty occupancy; and

(2) The early return to Japanese control of the largest feasible number of important buildings and facilities in the metropolitan and industrial areas;

e. If there are inescapable delays in the necessary readjustments, you should arrange for full and timely explanation to the Japanese governmental authorities;

f. You will keep the needs of the United States forces for facilities and areas under continuous review with the objective of returning promptly to Japan such of these facilities and areas as are no longer required; and

g. You will keep under continuous review facilities and areas temporarily not being used by the United States with the view that interim use may be made thereof by the Japanese, where in your opinion such use is not harmful to the purposes for which the facilities and areas are normally used by United States armed forces.

No. 513

611.94/2-1552: Telegram

The United States Political Adviser to SCAP (Sebald) to the Department of State

SECRET NIACT TOKYO, February 15, 1952.

1689. Reptd Secretary of Defense CX 63631. This is Sebald's 1689. No. 22 from Rusk. Coming next message is proposed text amended Art 2 and exchange of notes subject third sentence our original para 1. It now seems clear that we can get more satisfactory commitment reference third sentence our para 1 in public exchange of notes simultaneous with signing admin agreement than we can get on face of agreement itself. Both Okazaki and our State Dept lawyers consider that status and validity of an agreement registered in exchange of notes is same as admin agreement itself. Okazaki says Jap practice is same as international law that documents accompanying each other registering agreement on same subject are "part and parcel of same agreement". Dept will wish assure itself this point.

Question then arises as to why Japs are unwilling to include commitment in Art 2 itself. Reasons which have been given by Japs are:

1. Our third sentence means to many Japs that occupation merely continues into post treaty period; it is of utmost importance to Japs that it be clear occupation ends on effective date peace treaty, that holding of property by US forces for 90 days under Art 6 peace treaty is under that treaty and not under occupation procurement demand, and that otherwise use of facilities and areas by US forces is on basis agreement with Japan.

2. Our third sentence would greatly disturb many Japs, including many otherwise friendly to US, who have grave doubts about degree of urgency US forces will feel in placing arrangements on new basis of agreement. In this connection Okazaki, who states many Japs are expressing doubts our "integrity" on this point, has emphasized desire Jap Govt place itself in best possible position to counter actual or incipient anti-American sentiment which being systematically provoked on this point by Commies and other elements unfriendly to US.

3. Subject is one of provisional nature which will be overtaken by processes of agreement and adjustment; exchange of notes can lapse when agreements have been completed and would not, therefore, be appropriate to main body admin agreement.

4. Bulk of facilities and areas should and can be agreed within period indicated; commitment to US should assure Japs that we are talking about exceptional cases and not bulk facilities now held by occupation. Comment: Exchange of notes involves no limitation on numbers of "exceptional cases". Even Japs like Okazaki have

stated publicly that Japs should expect that US forces will remain in large proportion of facilities now being used. However, "exceptional cases" will undoubtedly prove to be those in controversy, involving conflict of interest between US military requirements and pressures on and by Jap Govt to obtain release. If considerable proportion facilities required by our forces prove to be in this category, we must expect Jap charge not only that we are doing violence to concept of exceptional cases in exchange of notes, but also that we are abusing peace treaty itself. Argument would concern choice urban, industrial and commercial installations on which pressures are likely to be strong. Unless we are prepared to rest our case for continued use of such unagreed facilities on exceptional character and essential need, exchange of notes has in it seeds of future trouble, but I see little prospect that we can improve our position by present unequivocal commitments on face of agreement that leaves matter solely in US hands.

5. Exchange of notes will not encounter sustained interest and objection Jap Diet and public opinion as would same commitment in agreement.

We have tried various drafts Art 2 with Japs to get core this commitment in art itself, including considerable window dressing in effort make more palatable. Japs fully recognize issue is who has decision on continued use facilities not yet agreed and appear determined not give flat commitment to US in agreement though willing do so exchange of notes. Their drafts Art 2 this point continue to insist "consultations for these arrangements shall be completed at the earliest possible date and not in any case later than 90 days after the coming into effect on [*of*] this agreement".

Based on experience and impressions this visit I have no misgivings about determination US military authorities here to give urgent attention and make bona fide effort conclude satisfactory arrangements facilities and areas earliest possible date. There is no lack understanding such authorities of political as well as military elements this problem. Jap misgivings are natural until more info is available and in view some cases tactless talk or action by subordinate officials in dealing with local Jap owners or officials. Although subject will be difficult, I see no reason why bulk (numerically) of necessary agreements cannot be reached within 90 days effective date treaty.

In view of importance this commitment to us, I recommend that we agree to obtain it in public exchange of notes and not try to insist upon our proposed method.

Further, I recommend that if exchange of notes is used, we use draft submitted which contains essential commitment we need in

language which Japs will agree. Please reply niact. [1] Johnson has seen.

SEBALD

[1] For the reply, see Topad 2272 to Tokyo, Document 525.

No. 514

611.94/2-1552:Telegram

The United States Political Adviser to SCAP (Sebald) to the Department of State

SECRET TOKYO, February 15, 1952.

1690. Rptd Secretary Defense, CX 3630. This is Sebald's 1690. No. 23 from Rusk. Herewith changes text Article 2 and exchange notes same subject referred to in my number 22. [1]

In Article 2, para 1, delete third sentence. Begin para 2 "At the request of either party, Japan and the United States shall review such arrangements and may agree, etc." Our para 4 becomes 4 (a). Insert "and nationals" after "Japanese authorities" and substitute "provided that it is agreed that" for words "if in the opinion of the United States authorities".

Comment: This change still required US agreement but is less offensive Japanese.

Add new para 4 (b) to read:

"(b) With respect to such facilities and areas as target ranges and maneuver grounds which are to be used by US armed forces for limited periods of time, the Joint Committee shall specify in the agreements covering such facilities and areas the extent to which the provisions of this agreement shall apply."

Comment: Japanese have in mind ranges and maneuver areas used few weeks of year regarding which we should not have broad rights administrative agreement over "facilities and areas" throughout year possibly affecting large numbers Japanese farmers and fishermen. Suggested 4 (b) acceptable to Japanese in lieu of more restrictive language proposed by them reading:

"(b) The provisions of this agreement shall be applicable to such facilities and areas as target ranges and maneuver grounds only while they are in use by the US armed forces and to the extent appropriate for the purposes for which their use is granted."

Draft text US note to Japan now follows:

[1] *Supra.*

"Excellency:

"In Article 2, para 1, of the administrative agreement between the US of America and Japan signed today, it is stipulated that 'specific facilities and areas shall be determined by the two govts in consultation through the Joint Committee provided for in Article 24 of this agreement'. The US Govt is confident that our two govts are agreed that such consultation shall be on an urgent basis in order to complete such arrangements at the earliest possible date and before the expiration of 90 days following the effective date of the treaty of peace with Japan. With this in mind, the US Govt is prepared to join with the Japanese Govt in constituting a preliminary working group, consisting of a rep and the necessary staff from each side, to begin such consultations immediately, with the understanding that the task of the preliminary working group would be taken over by the Joint Committee upon the effective date of the administrative agreement.

"There may be some exceptional cases where agreements may not have been reached as to specific facilities and areas, or alternative facilities completed, within 90 days after the coming into effect of the treaty of peace. It would be much appreciated, therefore, if Japan would grant the continued use of such particular facilities or areas by US armed forces pending agreement by the two govts through the Joint Committee.

"Accept, Excellency, the assurances etc."

Draft text Japanese note to US now follows:

"Excellency:

"I have the honor to acknowledge the receipt of Your Excellency's note of today's date in which Your Excellency has informed me as follows: (Here would be inserted body of US note as was done in UN forces exchange of notes.)

"The Japanese Govt fully shares the desire of the US Govt to initiate consultations on an urgent basis in order to complete arrangements for facilities and areas at the earliest possible date and before the expiration of 90 days following the effective date of the treaty of peace with Japan. The Japanese Govt agrees, therefore, to the immediate constitution of the preliminary working group referred to in Your Excellency's note, with the understanding that the task of the preliminary working group would be taken over by the Joint Committee upon the effective date of the administrative agreement.

"With full cognizance of the contents of Your Excellency's note, I have the honor, on behalf of the Japanese Govt, to confirm that, in those exceptional cases where agreements have not been reached as to specific facilities and areas, or alternative facilities completed, within 90 days after the coming into effect of this agreement, Japan will grant the continued use of such particular facilities or areas by US armed forces pending agreement by the two govts through the Joint Committee.

"Accept, Excellency, the assurances etc."

SEBALD

No. 515

611.94/2-1552:Telegram

The Assistant Secretary of the Army (Johnson) to the Department of the Army

SECRET Tokyo, February 15, 1952.

CX 63651. (Army Message) Sent to Secretary Defense JCS, Frank Nash from Earl Johnson rptd Department of State. Re Rusk's series No. 22 [1] and 23. [2] Purposely refrained from concurring reference message 22, primarily as it contains recommendations on procedure which, personally, not competent judge, i.e. official status exchange of notes under new constitutional government.

While insistence of Japanese on this method of procedure virtually precludes obtaining our desired principle expressed sentence 3 paragraph 1 Article 2 any other way, nevertheless Dept should recognize method once adopted may be extended to solve other controversial issues, i.e. Article 22. However should point out no intimation or discussion with Japs re use of this procedure any other articles. Nor should inference be drawn Japs would be willing settle Article 22 this basis.

Desire call attention Article 3 security treaty provides for adm agreements in plural and exchange notes may fall within that category.

Assuming note procedure legally satisfactory and that establishing precedent not overly objectionable, should point out while Japs gave following commitment (as explained in paragraph 4 Rusk's message No. 22) it is in terms of restricted language i.e. "exceptional cases" "specific facilities" "particular facilities". My sense of negotiations in terms of timing is that necessity for mutual agreement at earliest possible date these cases remains highly significant.

Discussed with Ridgway. Comments acceptable to him. Copies furnished Rusk, SCAP.

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[1] Telegram 1689 from Tokyo, Document 513.

[2] *Supra.*

No. 516

Editorial Note

In telegram 1705 from Tokyo, February 16, marked "Number 26 from Rusk", the Special Representative transmitted a revised text of Article XV of the Administrative Agreement and concluded:

"Changes in Article 15 consist almost entirely of additions of phrases or sentences to Washington draft. Most insertions intended to clarify or to insure that there are no instances in which criminals are left outside scope of both US and Jap jurisdiction or enforcement procedures. First sentence paragraph 4 of Washington draft inserted at beginning of new text in interests of both Japs and ourselves to emphasize as public relations matter what is expected to be long-term arrangement on criminal jurisdiction. Arrangement in paragraph 4 of new text whereby we may, on Jap request, waive jurisdiction in particular cases considered desirable in order to establish precedent for waiver of jurisdiction by Japan on our request when NATO formula is put into effect. We consider no difference in substance between new and old drafts but new language more palatable to Japs.

"Both State and Defense reps USDel concur in changes made." (611.94/2-1654)

Additional brief changes in Article XV were made for reasons described in telegram 2289 to Tokyo, February 23, and telegram 1767 from Tokyo, February 25, neither printed. (611.94/2-2352 and 611.94/ 2-2552, respectively) Article XV was eventually renumbered XVII.

No. 517

611.94/2-1752: Telegram

The United States Political Adviser to SCAP (Sebald) to the Department of State

SECRET PRIORITY TOKYO, February 17, 1952.

1707. CX 63794. This is Sebald's 1707, rptd SecDef Feb 17. No. 27 from Rusk. Accompanied by Johnson and Bond, had most serious talk with Okazaki and Nishimura sub Art XXII. [1] I said US Govt had given most careful sympathetic consideration views Jap Govt, and was able meet such views in important respects and desired to

[1] Bond's memorandum of this conversation, held on Feb. 16, has attached to it notes from which Rusk made his presentation. (611.94/2-2352) Rusk subsequently handed a copy of the notes to Okazaki, together with the revised text of Article XXII.

make new suggestions re Art XXII. Such proposals made in great seriousness but in full spirit cooperation and US Govt hopes Jap Govt will give them most careful consideration to determine whether there is not basis for agreement new text.

As Jap Govt knows, right of US Forces to act in own security is elementary right which no govt can cloud with respect its own forces and right which is implicit in existence Security Treaty and presence US Forces Japan. At same time US Govt recognizes necessity full consultation in event hostilities or imminent threat thereof, with Jap Govt regarding measures for defense Jap area and for carrying out purpose Art 1 of Security Treaty.

US Govt attaches greatest importance to efforts now being made by free nations to organize for peace: US now has security arrangements with almost 40 nations, of which Jap one of first importance. We can best avoid war by determined expression solidarity, and solidarity is best registered by definite indications that nations are in fact joining to assure their security. Altho primary purpose Security Treaty is to prevent war rather than provide machinery waging war, indication of practical machinery is step toward peace. US Govt also considers advantage note provisional character arrangements Pacific. [2] Jap Govt itself had suggested that joint committee "study and prepare concrete program" re Art 1 of Security Treaty; US Govt believes new text provides means accomplishing this which are better than joint committee, fully occupied with other matters.

Our new draft should help allay any doubts that US considers security Jap is matter gravest importance both countries. Our draft Art XXII does not itself commit Jap to any specific action field of rearmament, but does provide agreement may be reached on combined command drawing together US Forces Japan area and such Jap security forces as are capable contributing defense Japan; we believe Japan could not wish to do less in event emergency.

Altho there are number security questions which could not be answered admin agreement, we believe existence such questions should be recognized and provision made for consultations regarding them. Silence would excite speculation and give rise charges secret understandings.

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[2] According to the notes mentioned in footnote 1 above, Rusk's full presentation of this point was as follows: "My Government considers the Security Treaty between our two Governments as a provisional measure, pending the development of further collective security arrangements as envisaged in Article IV of the Security Treaty. My Government believes that it would be useful to acknowledge in Article XXII the temporary character of such arrangements pending a broader and more satisfactory disposition by the nations concerned, regarding the maintenance of peace in the Pacific."

US Govt and people now carrying heavy burden responsibility security peace-loving nations and hopes Japan will find acceptable draft which proclaims our solidarity in matters upon which future peace of Pacific depends and makes clear that US and Japan are equal partners in this vital relationship.

Okazaki said he could not comment without study our text and consultation PriMin, but would try to let us have Jap Govt reactions Monday. As off-hand comment, he stated our language still appears leave US and Japan in unequal position regarding establishment combined command and designation commander. He also stated question combined command raised serious constitutional questions for Jap Govt since it is only in emergency that Jap security forces come under command PriMin, otherwise Jap Govt has no direct control over all elements apparently covered by our text. Okazaki states question of combined command of peculiar difficulty for Japan because the arrangement is bilateral with the US, which has been occupying power.

After consultation Johnson, text furnished Okazaki omitted last sentence text contained Deptel 2193. [3] Reasons:

(1) Provisions for revision covered in general art that subject.
(2) Revision would appear to be limited to issue of rearmament, whereas many other factors would also affect such revision.
(3) To imply revision arrangements not yet made strongly suggests secret understanding about imminence such arrangements.
(4) Language about "capability" derogatory to Japs at period of extreme sensitivity.
(5) Believe important not to inject admin agreement into present difficult domestic debate on rearmament.

SEBALD

[3] See footnote 3, Document 509.

No. 518

611.94/2-1752: Telegram

The United States Political Adviser to SCAP (Sebald) to the Department of State

SECRET PRIORITY TOKYO, February 17, 1952—3 p.m.

Topad 1708. For Allison and Dulles from Rusk. Re Deptel 2226. [1] Only obstacles early completion administrative agreement are Articles II and XXII. Dept reaction our solution Article II not yet recd.

[1] Document 511.

Japanese reaction our new Article XXII will come tomorrow. Believe we must either get agreement on Article XXII within next few days or put matter off for further negotiation since knowledge administrative agreement blocked by irreconcilable differences two govts on XXII wld create extremely undesirable situation. On above analysis, see no reason why we can not dispose of administrative agreement during coming week, by Wednesday [2] if Dept can react remaining points speedily.

SEBALD

[2] Feb. 20.

No. 519

611.94/2-1852: Telegram

The United States Political Adviser to SCAP (Sebald) to the Department of State

SECRET NIACT TOKYO, February 18, 1952.

1715. Repeated info Secretary Defense C 63824. This is Sebald's 1715. No. 27 from Rusk. Fol personal study draft Article 2 and exchange of notes, Prime Minister Yoshida has requested modification of language to bring out that US-Japanese arrangements on facilities and areas need not await coming into effect administrative agreement and also language confirming that use of facilities and areas by US forces after effective date of peace treaty is on basis of rights given under peace treaty and agreement between US and Japan. Japanese know that acceptability method exchange of notes has not been agreed US Govt and no commitments made here that respect.

To meet Yoshida's points, fol changes should be made in texts submitted my No. 23, Feb 15: [1]

Amend second sentence Article 2 to read:

"Agreements on specific facilities and areas, not already reached by the two govts by the effective date of this agreement, shall be concluded in consultation between the two govts through the Joint Committee provided for in Article 24 of this agreement."

New first para US note to Japan to read as follows:

"In the course of our discussion on the terms of the administrative agreement signed today, Your Excellency has stated as the opinion of the Japanese Govt that, as the occupation of Japan by

[1] Telegram 1690 from Tokyo, Document 514.

the Allied powers comes to an end on the coming into force of the treaty of peace with Japan, the use of facilities and areas by US forces on the basis of occupation requistion also comes to an end on the same date; thereafter, the use of such facilities and areas by US forces must be based upon agreement between the two govts, subject to the rights which each might have under the treaty of peace with Japan. I hereby confirm that such is also the opinion of the US Govt."

Old first para same note becomes new second para with deletion of words "between the US of America and Japan signed today" and with quotation of sentence from para one of Article 2 modified as above. Also, at end of old first para amend language to read as follows:

". . .[2] with the understanding that the arrangements made by the preliminary working group shall be put into effect as agreed and that the task of the preliminary working group would be taken over by the Joint Committee upon the effective date of the administrative agreement."

Text Japanese note to US would then be modified accordingly.

SEBALD

[2] Ellipsis in the source text.

No. 520

611.94/2-2352

Memorandum of Conversation, by the Counselor of the Mission in Japan (Bond)

SECRET TOKYO, February 18, 1952.

Participants: Ambassador Rusk
Assistant Secretary Johnson
Mr. Bond
Minister Okazaki
Mr. Nishimura

Subject: Informal Discussion with Japanese Delegation Concerning Administrative Agreement Negotiations.

The above listed members of the U.S. and Japanese Delegations met again today at 3:30 p.m. to continue their informal discussions on the Administrative Agreement negotiations.

With respect to Article II, Ambassador Rusk stated that he had sent the new U.S. Delegation counter-proposal to Washington for

consideration. [1] Minister Okazaki expressed the opinion that, if the U.S. Government accepts that proposal, Article II would be disposed of.

Turning to Article XXII, Minister Okazaki stated that the Japanese Government had considered the statement of U.S. views and the proposed redraft of Article XXII handed to them on February 16 by Ambassador Rusk, and that he had certain informal comments to make orally and informally on behalf of his Government with respect to that subject. He then distributed the text of such comments (a copy of which is attached) [2] which he proceeded to read orally. Following the conclusion of the reading of these comments, Minister Okazaki stated that he was not entirely satisfied with the language in which they were couched, and that he would therefore be appreciative if the U.S. Delegation would accept those comments as tentative and entirely informal. He went on to say that the Japanese Government is now giving consideration to a formula for Article XXII which might be satisfactory to both parties, which he hoped would be ready on the following day. He reiterated that, although there would appear to be no alternative to a combined command in time of emergency, a public commitment to that effect in the Administrative Agreement would sound the "death knell" of the Liberal Party. He added that it would also tend to be destructive of the will of the National Police Reserve to fight in defense of their country.

Ambassador Rusk thanked Minister Okazaki for his presentation, and stated that he desired clarification on one or two points raised by those comments. With reference to the statement contained in the attached presentation to the effect that Japan's security forces "are not supposed to engage in any belligerent action for protecting the state against threat from outside", he inquired whether this meant that Japan could not defend itself in the event of unprovoked attack. He also asked how that language could be reconciled with the reference in the Security Treaty to the "inherent right of individual and collective self-defense", and whether the latter phraseology would not constitute a legal basis for Japanese participation in joint defense measures in the event of such an attack. Minister Okazaki replied that it was mainly by reason of the sentence to which Ambassador Rusk referred that he had expressed a reservation as to the language of his Government's presentation. He stated that Article V of the Peace Treaty is interpreted by his Government to mean that Japan as a sovereign state possesses the right of self-defense, but that a question arises as to how

[1] See telegram 1690 from Tokyo, Document 514.
[2] Not printed.

and to what extent the Japanese people desire to implement that right; i.e. through amendment of the Constitution, new legislation, etc. He added that, apart from the sentence quoted by Ambassador Rusk, he saw no contradiction between the text of the Japanese comments and the principles set forth in the Security Treaty and in Article V of the Peace Treaty. He reiterated that the text of the comments which he had presented should be considered as provisional, inasmuch as they would require revision on certain points. Referring to the constitutional bar against the establishment of Japanese armed forces, Minister Okazaki stated that some legal theorists in Japan hold that Article IX of the Constitution does not preclude the maintenance of armed forces for self-defense, but that other theorists hold the contrary view.

Ambassador Rusk stated that the legal advisers on his Delegation had suggested the possible deletion of the Article titles in the final text of the Administrative Agreement, and inquired whether this might not be helpful in the case of Article XXII. Minister Okazaki indicated that it might be. In response to a further question from Ambassador Rusk, Minister Okazaki stated that he expected to have the views of his Government on Article XXII ready for presentation to the U.S. Delegation by the afternoon of the following day. At this juncture Minister Okazaki said that he would like to put forward on his own responsibility, informally and not for the record, a suggested formula for covering the subject of joint defense measures; he then showed to the members of the U.S. Delegation a redraft of that Article utilizing the formula that "nothing in this Agreement shall preclude" the taking of the necessary measures by the two Governments.

Ambassador Rusk then inquired whether the principal difficulty for the Japanese Government with respect to Article XXII lies in the mere mention of a "combined command", or in the retention of language indicating that the U.S. shall be the one to establish such a command. Minister Okazaki replied that the reservations entertained by the Japanese Government on this Article arise primarily out of concern as to the reaction of the Diet, mainly on the constitutional issue. He emphasized that the Japanese people would willingly accept a U.S. Commander-in-Chief under pressure of an actual emergency situation, but that it is not politically feasible for the Japanese Government to commit itself to such action in advance of such a contingency. He went on to say that the Japanese people like to think of the eventual possibility of a Japanese Commander-in-Chief heading all security forces in Japan at some later date, and that, although this is recognized as unrealistic in so far as the immediate future is concerned, the door must at least ostensibly be left open to such a possibility. He stated that Article XXII

involves a serious political issue which affects the very existence of the Liberal Party and the present Government; he added that the Liberal Party is easily the most reliable political party in Japan and that it would be unwise to weaken it over this issue. He then expressed the view that acceptance of a provision along the lines of the U.S. draft of Article XXII would "certainly" bring about the defeat of the Government party in the next general elections. Ambassador Rusk then inquired what the attitude of the Democratic Party would be on this point. Minister Okazaki replied that both the Democratic Party and the Green Breeze Society, as well as all other Japanese political parties, would oppose such a provision, even though most of them would recognize the inevitability in practice of acting in accordance therewith in the event of an emergency. He added that the Administrative Agreement cannot be made to work without mutual confidence of the two nations, and that on the Japanese side such confidence could not survive the acceptance of Article XXII in its present form. He reiterated that the present Japanese Government, including the Prime Minister, admits the necessity at this stage of a U.S. Commander-in-Chief in the event of emergency, but that it cannot make a public commitment to that effect.

Assistant Secretary Johnson inquired of Minister Okazaki as to whether the Japanese Government would object to the inclusion in Article XXII of a reference to Article IV of the Security Treaty. Minister Okazaki replied that he would have to see the language in which such reference might be couched, but that they had already agreed to a reference to Article I of the Security Treaty and that in principle he saw no reason why mention could not also be made of Article IV.

Minister Okazaki then reiterated with considerable emphasis that, whatever may be the substance of Article XXII, it will be virtually impossible for the Japanese Government to agree to any mention therein of a "combined command" or "combined commander". He stated that the Diet is already attacking the expansion of the National Police Reserve, at least in part because of a suspicion that Japanese land forces are being built up for the purpose of being sacrificed as cannon-fodder under a U.S. Commander-in-Chief and in the service of U.S. objectives. He said that, under such circumstances, the very mention of a U.S. Commander-in-Chief is politically bad. Minister Okazaki then asked Assistant Secretary Johnson if the Defense Department is very insistent on the maintenance of its position on Article XXII. Mr. Johnson replied that he was confident that such is in fact the case, and that he would not undertake to say that they could be dissuaded from that position.

In reply to a question from Mr. Johnson, Minister Okazaki stated that, although he would not like to be so quoted, the Japanese Government is thinking in terms of the eventual amendment of Article IX of the Constitution, but only after the Government has won the forthcoming general elections and has had an opportunity to prepare the way with Japanese public opinion.

Ambassador Rusk then asked whether, in the revision of the Japanese Government's position on this subject, mention of a joint command could be included among the measures of Japanese cooperation in the field of defense. He pointed out that demonstration of free world solidarity in the face of threatened aggression is an important deterrent and one which should be reflected in the relationship between the U.S. and Japan, just as it is in the relationships between the U.S. and the countries of Western Europe.

Minister Okazaki stated that his Government would try to meet the point of view expressed by Mr. Rusk to the maximum extent, as it is also anxious to conclude the Administrative Agreement at the earliest possible time. Ambassador Rusk stated that, in view of their tentative nature, he would not report to Washington the views of the Japanese Government on this subject as set forth in Minister Okazaki's presentation, pending the receipt of their further comments as promised by Minister Okazaki. Minister Okazaki agreed that what he had said should be off-the-record for the time being, adding that, in view of the vital importance of this subject, extensive consultation would be necessary within the Japanese Government in the formulation of a position.

NILES W. BOND

No. 521

611.94/2-1352: Telegram

The Acting Secretary of State to the United States Political Adviser to SCAP (Sebald) [1]

SECRET
NIACT

WASHINGTON, February 18, 1952—6:55 p.m.

2213. For Rusk. This is State-Treas-Defense msg but not finally cleared by Defense. Will advise as soon as final clearance recd. Urtels 1660 (CX 63235, Rusk 17), [2] 1664 (CX 63288, Rusk 18). [3] No

[1] Drafted in the Office of Northeast Asian Affairs by Hemmendinger; approved for transmission by McClurkin; and repeated for information to Defense.

[2] Document 504.

[3] Document 506.

objection redraft Art 23 proposed in Rusk 18 except as indicated below:

1. Re redraft Art 23 (as quoted in Rusk 17):

New para 2 (a).

Change phrases "facilities and areas" to read "facilities areas and rights of way".

Believe it important to include phrase "and the furnishings, equipment and fixtures in use by US on effective date of this agreement", unless this is definitely established by ref to Art II.

New para 2 (b).

To preclude possible use of 155 million dols for expenses not contemplated by US (such as real estate procurement) believe wording "for purpose of procurement by the US of supplies, transportation, and other services in Jap" shld be substituted for phrase "expenses of this agreement."

Time of determination of conversion rate shld be clearly stated to prevent possible misunderstandings. If date of payment objectionable, consider most favorable rate during preceding calendar month up to and including date of payment.

Words "at option of US" or equivalent shld be retained to prevent ambiguity.

Instead of "or used in any Jap Govt transaction with any party" prefer language along lines "or used in any transaction with any party by the Jap Govt or its agencies or by Jap banks authorized to deal in fon exchange." Narrower language has involved difficulties in other US agreements.

2. If para 6 of orig draft Art 23 is deleted, important to incorporate substance in official record to avoid implication that US share will necessarily be financed entirely with dols.

WEBB

No. 522

693.94/2-1952

The British Ambassador (Franks) to the Acting Secretary of State

CONFIDENTIAL WASHINGTON, 19 February, 1952.

DEAR MR. ACTING SECRETARY OF STATE: On the 9th January during the visit to Washington of the Prime Minister and Mr. Eden, Foster Dulles handed to me an informal memorandum [1] summarising recent exchanges on the subject of Japan's relations with China.

I understood that this document was prepared primarily for use within the Department of State, and was only given to me because

[1] Document 466.

it was thought that Mr. Eden, who had of course played no direct part in the earlier negotiations, might find it convenient to have this summary by him. At a later stage, when it was possible to look more closely at the details of the document, we found it contained statements which, in varying degrees, differed from the Foreign Office record and omitted or touched lightly on considerations which had, in fact, loomed large in the formulation of the attitude of His Late Majesty's Government.

I send this letter not in any desire to enter into controversy but, because policy towards China remains the subject of acute public interest and much public discussion in both our countries, I think it wise to place on record the fact that our absence of comment on the memorandum does not imply that it corresponds in every respect with our own record, or recollection of the events, or our outlook upon them. [2]

Yours sincerely,

OLIVER FRANKS

[2] A covering note dated Feb. 28 reads: "Return to FE—Mr. Allison. Noted. JFD".

No. 523

611.94/2-1952:Telegram

The United States Political Adviser to SCAP (Sebald) to the Department of State

SECRET NIACT TOKYO, February 19, 1952.

1736. CX 63920. This is Sebald's 1736 rptd Secretary of Defense. Number 29 from Rusk. Further discussions with Okazaki have produced fol text [1] Art 22 which I believe to be maximum we can obtain from Jap Govt this subject. Text fols:

[1] In his memorandum of the conversation held on Feb. 19, Bond stated:

"Minister Okazaki distributed copies of a Japanese redraft of Article XXII, which was then considered. (With reference to the inclusion in that redraft of the term "combined command", which he had previously indicated would not be acceptable to the Prime Minister, Minister Okazaki explained that it had been only with the greatest difficulty that he managed to persuade the Prime Minister to agree to that phrase.) After considerable discussion, Ambassador Rusk handed to Minister Okazaki a suggested revision of the Japanese redraft, incorporating certain points which Ambassador Rusk had explained were of importance to the U.S. Government on this subject. Minister Okazaki expressed the personal opinion that the revised text would be acceptable to his Government, but undertook to confirm that fact and to inform Ambassador Rusk at the earliest possible time." (611.94/2-2352)

A text of this redraft as originally distributed by Okazaki has not been found in Department of State files.

"1. In the event of hostilities, or imminently threatened hostilities, in the Japan area, the US may take such actions as may be necessary to insure the security of its forces in the Japan area, and shall take steps at once to inform the Govt of Japan of the action taken or to be taken by it, and the Govt of Japan and of the US shall immediately consult together with a view to taking necessary measures for the defense of that area and to carry out the purposes of Art 1 of the Security Treaty.

"2. Pending the coming into force of such arrangements or dispositions envisaged in Art 4 of the Security Treaty as will satisfactorily provide for the maintenance of international peace and security in the Japan area, the Govts of Japan and of the US may consult and prepare the necessary measures, including combined command, for the defense of Japan to be taken jointly by them in the event of hostilities or imminently threatened hostilities in the Japan area, and may put jointly into effect those measures as occasion arises, subject to the constitutional provisions applicable to each party."

Comments:

1. For background, see my Nos. 14 [2] and 28. [3]

2. Above text obtained after much consultation Jap polit leaders and over PriMin's strong objection make any mention combined command.

3. Focus Jap polit debate likely to be on implications this Art; Jap Govt negotiating agreement under full impact daily bitter discussions Diet this and related issues: Editorial comment concentrating same subject, with emphasis on equal status Jap and constitutional issues.

4. Our second draft Art 22 contains no important agreement or commitment going beyond above text.

5. Right of US forces to act in own security in emergency is nailed down; such action must be immediately followed by, but is not conditional upon info to Jap Govt, whose vital interest it is impossible to deny.

6. I do not believe we can get more unless we are prepared use threats and pressures which, if backed up, would be disastrous US-Jap relations. If we have more specific arrangements in mind, above text leaves way open for consultation about them; in any event our earlier text did not provide any agreement now as to more specific arrangements.

7. Alternatives before us are, broadly,

(a) Accept text given above;
(b) Delete Art 22 and discuss entire matter later;

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[2] Telegram 1649 from Tokyo, Document 500.

[3] Telegram 1735 from Tokyo, Feb. 19, not printed. (611.94/2-1952) It contains a summary of the talk described in Bond's memorandum of conversation, Document 520.

(c) Use only short general sentence, then consult later;
(d) Prolong negotiations here to try obtain difference between above text and our second draft.

8. Among alternatives, any of first three can be accomplished. First alternative will produce considerable amount acrimonious debate and will increase pressures to obtain restrictions on broad rights under Security Treaty. Second alternative might have been wise originally, as leaving us maximum freedom of action, but it is now known subject has been at issue in negotiations and complete silence might now excite suspicions. Third alternative would be to use some such sentence as "in the event of hostilities, or imminently threatened hostilities, in the Japan area, the Governments of the United States and Japan shall immediately consult together with a view to taking necessary joint measures for the defense of that area and to carry out the purposes of Art 1 of the Security Treaty".

This alternative would not cloud our rights under Security Treaty, would involve minimum domestic debate Japan and would not raise constitutional issues. Fourth alternative is no choice at all, because it would be fruitless and would produce highly dangerous build-up of anti-American feeling here, even among groups ordinarily friendly to US.

9. My recommendation is that we promptly accept first alternative if our policy is to get as much of our draft as we can. In this case, no significant changes of language should be attempted. My own personal judgment is that our interests are best served by third alternative. I strongly recommend against fourth alternative. Info copy furnished Ridgway, please reply niact. [4]

SEBALD

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[4] In telegram C 63919 from SCAP, Tokyo, to the Department of the Army, also dated Feb. 19, marked "From Earl Johnson" and "For JCS, SecDef Wash DC for Frank Nash", Johnson referred to the text quoted at the beginning of telegram 1736 as a "watered down version", and the short form quoted in paragraph 8 of the "Comments" as a "generalized version" of Article XXII, and commented: "Watered down version would be more restrictive on US commander than generalized version." After further analysis of alternatives he concluded:

"Believe long-range relations US–Japs would be improved if draft as submitted were replaced by generalized version. If generalized version not acceptable to Dept, suggest in interest of strengthening bargaining position with Japan following coming into force of treaty and adm agreement that any reference to 'combined command' be deleted.

"This message discussed with General Ridgway, as have been Rusk's numbers 28 and 29. Ridgway concurs this message and recommends generalized version which he considers adequate from military viewpoint." (Department of Defense files)

No. 524

794C.0221/2-2052

The Acting Director of the Office of Northeast Asian Affairs (McClurkin) to the United States Political Adviser to SCAP (Sebald)

TOP SECRET [WASHINGTON,] February 20, 1952.

DEAR BILL: I am enclosing herewith for your information a copy of a memorandum [1] recently cleared throughout the Department and approved by the Secretary, which sets forth the Department's position with regard to the disposition of the Ryukyus and Bonins and instructs Ambassador Cowen to take up the matter with Defense. This he intends to do in a few days' time, as soon as we have finished with problems relating to the Administrative Agreement.

I am not certain whether we shall be able to budge the JCS from their position at this time; however, if we fail in our present objectives of returning general control of the islands to Japan in the near future, we shall concentrate our efforts on liberalizing the present JCS Directive for U.S. Civil Administration in the Ryukyus [2] to permit a greater degree of self-government for the inhabitants and encourage closer ties with Japan. In this connection we found the Mission's Despatch no. 1021, January 17, 1952, transmitting Iguchi's memorandum concerning a "practicable arrangement" for the Southern Islands of great interest, and we shall endeavor so far as possible to have these points covered in any forthcoming revision of the present Directive.

Your reports on the Ryukyus have all been read with great interest here, and we are looking forward to receiving additional material from time to time.

Sincerely yours,

ROBERT J. G. MCCLURKIN

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[1] Document 488.

[2] JCS 1231/14, dated Oct. 4, 1950, is printed in *Foreign Relations*, 1950, vol. VI, p. 1313.

No. 525

611.94/2-2052:Telegram

The Secretary of State to the United States Political Adviser to SCAP (Sebald)

SECRET
NIACT

WASHINGTON, February 20, 1952—7:42 p.m.

Topad 2272. For Rusk. State Dept distribution only. Fol is text of JCS memo to Sec Def concerning Art II: [1]

1. JCS have reviewed cable Nrs 22 [2] and 23 [3] from Amb Rusk and cable Nr DA IN 105674 [4] from Asst Sec of Army Johnson, which were forwarded by ur recent undated memo, all concerning status of negots on Art II of Draft Administrative Agreement between USA and Jap. JCS have also considered cable Nr 27 [5] from Amb Rusk concerning same subj.

"2. JCS consider it essential that agreement be reached at this time between Govts of US and Jap, which will legally provide to US specific rights for retention during post-treaty period of facilities and areas essential to armed forces of US in order for it to carry out its obligations with respect to defense of Jap and operations in Korea.

"3. JCS note that particular aspect of matter of facilities and areas covered in Art II of Draft Administrative Agreement, which is in dispute, is temporary in nature in that use of such facilities and areas is subj to adjustment as other agreed upon arrangements can be made effective. Accordingly, and without prejudice to JCS position with regard to other Art in Draft Administrative Agreement, JCS wld not object to an exchange of notes in lieu of specific provisions in Art II of Agreement provided this method equally insures that obligation binds Govt of Jap throughout the period of adjustment.

"4. JCS, therefore, have no recommendation with respect to specific changes in language in either Draft Administrative Agreement or in suggested exchange of notes, but must insist that substance of requirements of para 2 above be met in whatever form such agreement is achieved. In this connection, JCS feel that draft exchange of notes proposed by Amb Rusk in his Nr 23, as modified by his Nr 27, and revisions of para 1 of Art II of Draft Administrative Agreement also proposed in those cables, fail to meet US requirements for use of facilities and areas by US forces until other arrangements can be made effective.

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[1] This memorandum is dated Feb. 19. (Department of Defense files)
[2] Telegram 1689 from Tokyo, Document 513.
[3] Telegram 1690 from Tokyo, Document 514.
[4] Reference to Army Message CX 63651 from Tokyo, Document 515.
[5] Telegram 1707 from Tokyo, Document 517.

"5. JCS do not object to changes recommended by Amb Rusk in his Nr 23 which deal with paras 2 and 4 of Art II of Draft Administrative Agreement." [6]

WEBB

[6] Telegram 2271 to Tokyo, also sent the evening of Feb. 20, (drafted and approved for transmission by McClurkin), reads in part:

"Suggested language for exchange notes re facilities and areas to conform JCS position being prepared within Def but no desire here to restrict ur negotiating flexibility by precise language. No objection to ur preparing draft along lines conforming JCS position but will be nec have final review here of any language tentatively agreed with Japs." (611.94/2–2052)

No. 526

611.94/2–2152:Telegram

The United States Political Adviser to SCAP (Sebald) to the Department of State

SECRET NIACT TOKYO, February 21, 1952.

1742. CX 63990. This is Sebald's 1742 rptd Secretary of Defense Feb. 21. Number 31 from Rusk. Personal for Webb. For delivery to Webb early Thursday [1] morning. All hands here agree any delay now can only result in deterioration our position on admin agreement. This due to pressures Diet debate, editorial criticism Jap Govt and growing attempt Jap negotiators to reopen provisionally agreed arts to try to amend contrary to our interest. Jap Govt-leaders yesterday made statements in Diet debate which already prejudice our compromise solution Art 22. Believe it of great importance we have telecon not later than 6 p.m. Thurs Wash time with Wash party consisting of State–Defense group able to reach decisions on all outstanding issues admin agreement. Please have someone confirm by telephone. [2]

Info copy furnished Ridgway.

SEBALD

[1] Feb. 21.

[2] Action notations on this telegram indicate that a telephone call was made, apparently by McClurkin, on Feb. 21. No memorandum of this call or record of other action taken along the lines suggested in telegram 1742, has been found in Department of State files.

No. 527

Tokyo Post files, 320.1 Bilateral Security Treaty: Telegram

The Assistant Chief of Army Staff for Operations (Jenkins) to the General Headquarters, Far East Command, in Japan [1]

SECRET
OPERATIONAL IMMEDIATE

WASHINGTON, 22 February, 1952.

DA 901763. JCS have forwarded memo [2] to Secy Def summarizing their views on Art 22 of Admin Agreement. Pertinent extracts this memo fol:

"1. JCS have studied C 63919 [3] from Johnson relative to status of negotiations on Art 22 of Admin Agreement. They have also reviewed Rusk 14, [4] 28, and 29. [5]

"2. JCS, from strictly mil point of view, believe United States security interests would best be served by adherence to substance of Art 22 as set forth in negotiating draft, or as proposed in their memo dated 11 Feb. [6] On other hand, they recognize that political considerations may be overriding inasmuch as whole hearted support of Jap auth and people is fundamental to effectiveness of any agreement achieved.

"3. JCS also prefer proposed 'water-down version' rather than 'generalized version'. It appears, however, that Jap Governmental auth consider 'water-down version' unpalatable in some respects. Further, if publicized, this version might precipitate public discussion unfavorable to United States, which possibly could lead to fall of present Yoshida Government. Also, it seems that if Jap people learned that Jap Govt had acceded to this agreement under pressure result would, in all probability, have adverse effects upon future United States-Jap relations and upon favorable position now enjoyed in Japan by United States Armed Forces.

"4. JCS note views of Gen Ridgway that in his opinion 'generalized version' is adequate from mil viewpoint and further that he recommends its acceptance. They also note 'generalized version' this art is acceptable to Rusk and Johnson. In view all of foregoing, JCS, while, from a strictly mil point of view preferring inclusion of specific provisions for establishment of a combined command and designation of a United States commander thereof, recognize that political considerations may be overriding. Accordingly, and in light of such considerations, JCS now interpose no objection to adoption of 'generalized version' proposed to become Art 22 of Admin Agreement, which reads as fol:

'In the event of hostilities, or imminently threatened hostilities, in the Japan area, the Govts of the US and Japan shall immediate-

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[1] Telegram marked "Pass to Rusk and Johnson for info."
[2] Dated Feb. 20.
[3] See footnote 4, Document 523.
[4] Telegram 1649 from Tokyo, Document 500.
[5] See Document 523.
[6] Document 508.

ly consult together with a view to taking nec joint measures for the defense of that area and to carry out the purposes of Art 1 of the Security Treaty.' " [7]

JENKINS

[7] This text is identical to the final wording, except that "carry" was replaced by "carrying" in the final text of what became Article XXIV.

No. 528

611.94/2-2352

Memorandum of Conversation, by the Counselor of the Mission in Japan (Bond)

SECRET — TOKYO, February 23, 1952.

Participants:

Ambassador Rusk
Assistant Secretary Johnson
Mr. Bond
Minister Okazaki
Mr. Nishimura

Subject: Informal Discussion with Japanese Delegation Concerning Administrative Agreement Negotiations

The above listed members of the two Delegations met again at 4:30 p.m. today to continue their informal conversations concerning the Administrative Agreement negotiations.

Ambassador Rusk stated that he wished to discuss Articles II and XXII in the light of new instructions from Washington, where careful consideration had been given to the views of the Japanese Government on these subjects. He added that the U.S. had been able to meet the Japanese views on both Articles to an important degree.

He stated that, although there is general agreement on the text of Article II itself [1] and on the principle of the accompanying exchange of notes, Washington had expressed some concern as to the proposed language of these notes. He said that he had undertaken to incorporate certain of the points raised by Washington in a redraft of the exchange of notes, in an endeavor to reconcile the respective viewpoints of Washington and the Japanese Government.

[1] In telegram 2280 to Tokyo, Feb. 21, marked "For Rusk", and "State-Def Msg", the Department transmitted, for the purpose of implementing the JCS position on Article II (contained in Topad 2272 to Tokyo, Document 525), a new text of Article II and the proposed related exchange of notes. (611.94/2-2152) This text was in substance the same as that finally agreed on, with the exceptions shown in the telegram 1760, *infra*.

He then distributed the text [2] of his revised drafts, which he proceeded to explain to Minister Okazaki. During the course of such explanation, Ambassador Rusk pointed out that the changes suggested by Washington were primarily motivated by a strong desire for more specific assurances regarding the right of U.S. security forces to remain in such facilities as might not be agreed upon during the 90-day period.

Ambassador Rusk then stated that, before hearing the views of the Japanese Delegation on the suggested revision of the exchange of notes under Article II, he wished to go on and cover the remainder of his new instructions by explaining Washington's latest point of view regarding Article XXII. He stated that the views of the Japanese Government regarding the problem presented by the language of Article XXII, particularly that concerning a "combined command", had led to a complete re-examination of the problem in Washington, in the light of the political problems which might be created for the Prime Minister and the Japanese Government by that Article. He went on to say that there was a strong disinclination in Washington to do anything which would add unnecessarily to the difficult problems which would confront the Japanese Government during the forthcoming important period of transition from occupation to full sovereignty, and that it had accordingly been decided in Washington to recede from the previous U.S. position on Article XXII and to accept in its stead a broad general statement along the lines originally proposed by the Japanese Government. He stated that he wished to make it clear, however, that this did not mean that the U.S. Government had changed its desiderata with respect to Article XXII, nor did it mean that the U.S. Government will not want to discuss at a later date the subject matter formerly dealt with in Article XXII. He reiterated that, on the contrary, this change was indicative merely of recognition on the part of the U.S. Government of the political difficulties which might be created for the Japanese Government by the language which we had previously proposed. Ambassador Rusk then handed Minister Okazaki the text of his Government's proposed redraft of Article XXII. [3]

Reverting to Article II, Minister Okazaki advanced certain changes of language in the proposed exchange of notes, which, after discussion with certain members of his Delegation, Ambassador Rusk said that he would refer to Washington for approval. Ambassador Rusk stated that at the present advanced stage of the ne-

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[2] Available documentation does not indicate whether or not this draft was identical to that contained in telegram 2280, cited in footnote 1 above.

[3] See the last paragraph of telegram DA 901763, *supra*.

gotiations the U.S. Delegation would need to be assured, in referring this matter to Washington, that these changes represented the firm position of the Japanese Government and would not be subject to further substantial revision. Minister Okazaki confirmed that his suggestions could be regarded as representing the firm position of his Government. Ambassador Rusk stated that it was the wish of his Delegation to omit any mention of Articles II and XXII from the Official Minutes, [4] and to have everything having to do with those Articles included in the text of the Administrative Agreement, and, in the case of Article II, in the accompanying exchange of notes. Minister Okazaki stated that his Delegation was in agreement on that point.

Turning again to Article XXII, Ambassador Rusk stated that, despite the most recent change in the position of his Government on this Article, we were nonetheless grateful for the strenuous efforts of the Prime Minister and Minister Okazaki to meet our views on this Article. Minister Okazaki then gave assurance that the deletion of the phrase "combined command" from Article XXII will not be interpreted by the Japanese Government to mean that we are no longer interested in the establishment of such a command. Assistant Secretary Johnson stated that Minister Okazaki and the Prime Minister might be interested to know that General Ridgway had been of considerable help on Article XXII. Minister Okazaki stated that he would convey that information to the Prime Minister.

Minister Okazaki concluded by saying that the change in the U.S. position on Article XXII would "greatly strengthen" the position of the Japanese Government in dealing with opposition to the security arrangements between the U.S. and Japan.

NILES W. BOND

[4] Not found in Department of State files.

No. 529

611.94/2-2352: Telegram

The United States Political Adviser to SCAP (Sebald) to the Department of State

SECRET NIACT TOKYO, February 23, 1952.

1760. Rptd Secretary Defense CX 64172. This is Sebald's 1760. No. 36 from Rusk. After consultation with Johnson and Ridgway, language final para exchange of notes art 2 was discussed with

Okazaki with result that fol is submitted for final clearance US Govt. Text final para US note to Japan:

"However, unavoidable delays may arise in the determination and preparation of facilities and areas necessary to carry out the purposes stated in art 1 of the security treaty. It would be much appreciated, therefore, if Japan would grant the continued use of those particular facilities and areas, with respect to which agreements and arrangements have not been completed by the expiration of 90 days after the effective date of the treaty of peace with Japan, pending the completion of such agreements and arrangements." [1]

Corresponding change would be made text note Japan to US, of which final para would read:

"With full appreciation of the contents of your Excellency's note, I have the honor, on behalf of the Jap Govt, to confirm that the Jap Govt will grant to the US the continued use of those particular facilities and areas, with respect to which agreements and arrangements have not been completed by the expiration of 90 days after the effective date of the treaty of peace with Japan, pending the completion of such agreement and arrangements." [2]

Pls note that above language takes into account that it is continued use of facilities and areas on which agreements and arrangements have not been completed by expiration 90 days after date of Jap treaty instead of facilities now in use. Many of facilities "now" in use will have been agreed upon and many others will have been returned to Japan. Jap commitment, therefore, is on those facilities and areas on which there would be any problem.

Note also use of words "will grant". We believe that confirmation now that the Jap Govt will grant continued use of the facilities and areas referred to is as binding and satisfactory a commitment as we would have if present tense "grants" were used. Okazaki said since entire situation was one cast in future tense, it would look

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[1] The suggested text of this paragraph in telegram 2280 to Tokyo, Feb. 21, was as follows:

" 'It is recognized that delays may arise in the determination of the specific facilities and areas mentioned in Art 2, para 1 of the Administrative Agreement between the USA and Jap signed today. It wld be much appreciated, therefore, if Jap wld grant continued use of those particular facilities and areas now in use by US Armed forces pending agreement by the 2 Govts through the Joint Comite.' "

Regarding telegram 2280, see footnote 1, *supra*.

[2] The suggested text of this paragraph in telegram 2280 was as follows:

" 'With full appreciation contents of ur excellency's note, I have the honor, on behalf of Jap Govt, to confirm that Jap Govt recognizes that delays may arise in determination of specific facilities and areas mentioned in Art 2, Para 1 of Administrative Agreement between USA and Jap signed today. Accordingly, Jap grants to US continued use of those particular facilities and areas now in use by US Armed Forces pending agreement by 2 Govts through the Joint Comite.' "

"most peculiar" to use present tense on this word. He strongly insisted that commitment Jap Govt is same in both instances.

Okazaki expressed deep gratitude for understanding US Govt regarding art 22 and said that our generalized language would greatly strengthen Jap Govt in supporting admin agreement. Okazaki and I agreed that we should not complicate arts 2 and 22 by insertion of any comments in the official minutes.

Believe proposed text gives full effect to desires JCS and to real meaning of commitment we wanted under our original draft. Strongly urge its immediate approval by quickest available communications. [3]

Info copy furnished Ridgway.

SEBALD

[3] The Department cabled its approval of the changes in telegram 2288 to Tokyo, Feb. 23, which had been cleared with the Department of Defense. (611.94/2-2352)

No. 530

611.94/2-2552: Telegram

The United States Political Adviser to SCAP (Sebald) to the Department of State

SECRET NIACT TOKYO, February 25, 1952.

1776. Info SecDef. CX 64258. This is Sebald's 1776 rptd SecDef. Number 42 from Rusk. Believe Dept should have certain statements to be made in minutes [1] connection old Art 23 on expenses. Biggest problem arose from fact that, in computing $155 million Jap contribution, basic data and figures were those taken from TOW procedures and included Jap taxes. In approving this amount Jap budget, SCAP authorities had before them breakdown of figures showing tax element approximately 900 million yen. Same amount showed up on revenue side Jap budget. Budget was approved and submitted Diet this basis and commitment made that this amount was all Jap would be asked to contribute first year under admin agreement. When we raised question tax exemption, Japs had to insist that we either pay taxes of amount included, or reduce total by same amount. Alternative would be effort change budget in difficult stage budget action by Diet. Japs also felt our

[1] Full text of these statements is included in the Official Minutes of the Tenth Joint Meeting for the Negotiation of the Administrative Agreement, held Feb. 26. (611.94/2-2652)

raising this question was contrary assurances re size of contribution.

This problem exists only for first year, but is one on which US was committed. Minutes will try to straighten out tangle thereby created. Our solution is that during period when Japs are making disbursements, pending legislative authority for US Forces to do so, Japs will pay bills including tax element as with TOW. After we make disbursement direct, Japs would remit to us their contribution less tax element and we would procure with same exemptions as with other funds. Net result is that contribution first year is about $2½ million less than we thought in Wash, but is same as agreed in Tokyo between us and Jap budget people.

Fol are texts statements to be made in minutes:

"(By Okazaki): It is my understanding that the yen fund provided in para 2 (b) shall be transferred to a US special account by the Jap Govt on a quarterly basis. The obligation program shall also be on a quarterly basis and shall be prepared in concert with the Jap Govt. With respect to receipts, obligations and cash payments of the special account, monthly reports (including reports for shorter periods, if necessary) shall be promptly transmitted to the Jap Govt to facilitate necessary adjustments on subsequent transfers. Disbursements from this account shall meet standard requirements as agreed by both parties along the line of standards required by the General Accounting Office, US Govt, with due consideration given to the standard practices in Japan, and Jap members of the Joint Committee may audit the special account with the assistance of government experts and with the cooperation of US authorities.

"(By Rusk): I understand that disbursement of this fund will be made by the US. However, enabling legislation will be required of the US Congress before such disbursement procedure can be placed in effect. As an interim measure, I understand that disbursement of these funds shall be made by Jap disbursing officers but that such disbursements will be made under the programming procedures which you have described.

"(By Okazaki): I agree. Inasmuch as payment of taxes is the normal established practice of the Jap Govt, the Jap currency referred to in para 2 (b) provided by means of a Jap Govt appropriation includes an element for payment of taxes. It is therefore understood that the 1952–53 appropriation for defense expenses includes taxes.

"(By Rusk): I understand that as a budgetary practice your defense appropriations may include an element for taxes. However, as a principle governing international relations it is basically inappropriate for one govt to pay taxes to another govt in matters pertaining to joint and mutual defense efforts. Therefore, I believe that such funds appropriated by the Jap Govt should not be depleted by the payment of direct taxes, since such depletion would require an increase in the contribution of the US to offset such payments without adding to the joint and mutual defense effort. It is recognized, however, that the computation for the Jap contribution

for 1952–53 did include a tax element and therefore should include the payment of taxes. In succeeding years it is agreed that both parties will adhere to the general principle of relief from taxation and future estimates will be so computed. Such funds as are turned over to the US from the Jap appropriation for 1952–53 disbursement by the US shall be reduced by the amount of the agreed tax element".

Minutes will also contain fol statement as requested by Dept:

"(By Rusk): It is understood that nothing in this agreement shall prevent the US from utilizing for the defrayment of expenses which are to be borne by the US under this agreement, dollar or yen funds lawfully required by the US." [2]

Info copy furnished Ridgway.

SEBALD

[2] In the document cited in footnote 1 above, the word "acquired" replaces "required" in this sentence.

No. 531

611.94/2-2752: Telegram

The United States Political Adviser to SCAP (Sebald) to the Department of State

CONFIDENTIAL
PRIORITY

TOKYO, February 27, 1952—5 p.m.

Topad 1795. Ref Mistel 1783, Feb 26 [*27*].[1] State Minister Okazaki presented draft administrative agreement to Cabinet yesterday. Approval given with little objection. Cabinet agreed rush bills as required by agreement's provisions on taxation, safety measures for garrison force, procurement by garrison, and legal jurisdiction over US soldiers and civilians. Early comment from opposition unfavorable, generally critical, sometimes bitter. Progressive reform chief Nomiki characterized adoption "nationality principle" criminal jurisdiction as "subservient and disgraceful". Upper House Ryokufukai, [2] although generally satisfied with agreement as whole, expressed dissatisfaction with "nationality principle" contending nationality principle more appropriate for "sovereign nations on equal footing." Both right and left wing Socialists, as expected, expressed opposition. Mizutani of right wing policy council said principle "places serious restriction on our sovereignty." Left-winger

[1] In this telegram the Mission reported that a partial leakage of the terms of the Administrative Agreement had occurred. (611.94/2-2752)

[2] The Green Breeze Society.

Wada said "this not agreement between two nations on equal basis. Will establish military bases everywhere in country and place nearly half public facilities under military custody." Later in day opposition parties issued fol statement: "Govt and its party are secretly concluding agreement that restricts sovereignty of state and basic human rights of people. Moreover, they have used majority power force through budget bill which inseparably related to administrative agreement. This is dictatorial politics, ignoring Diet's right of deliberation."

Although text of agreement will not be released until tomorrow, editorial comment today on basis substantial leak yesterday almost universally adverse, suggesting press ready criticize for criticism's sake. Most criticism directed at criminal jurisdiction which some felt tantamount to extrality. Also, general feeling disappointment administrative agreement not brought before Diet for approval.

Mainichi said "administrative agreement does not satisfy us fully and we cannot but question to what extent agreement reflects wishes and trends national sentiment." Again "we can understand that US does not like see drastic change from status of occupation force but from Japanese standpoint only through such change can Japanese people finally feel they are independent sovereign Japan." Same daily regretted agreement did not clarify such points as use US troops in time emergency, facilities and areas and compensation damages caused by US soldiers on duty. Suggested effort be made revise agreement after it is signed, ending on plea that agreement not be allowed damage relations between two countries, saying, "what is important is that contents of agreement must not be allowed impair in slightest degree spirit reconciliation and mutual trust that underlies peace treaty and security pact."

Some of frankest criticism came from *Asahi* which said "there is not a clause in agreement that reminds us of appearance of independent Japan. We recognize no evidence of Yoshida govt, which is highhanded in domestic administration but conciliatory in foreign relations, having tried protect our line of autonomy and independence. In response public opinion, some consideration apparently given to matter court jurisdiction but that was all. Apparent that during negotiations on administrative agreement govt quite compliant with America's requests." *Asahi* continued point out its dissatisfaction with criminal jurisdiction provisions by referring again to such cases as Senju bank robbery.

SEBALD

No. 532

894.10/1-3052

John Foster Dulles, Consultant to the Secretary of State, to the Prime Minister of Japan (Yoshida) [1]

[WASHINGTON,] February 28, 1952.

MY DEAR MR. YOSHIDA: I have taken very seriously your letter of December 22, 1951, [2] as well as our prior conversation in Tokyo with respect to a loan by the United States to Japan. I understand and sympathize with your motives in addressing me as you have, and appreciate the difficulties which you are courageously facing in the enterprise in which we are both engaged. With your request in mind, I have referred to the possibility of loans to Japan in my opening statement to the Foreign Relations Committee of the United States Senate on January 21, and amplified this statement in reaplying to questions by Senator Smith and Senator Green on January 22. I hope that these expressions will have been of some service to you.

I have deferred a reply to your letter in order that I might discuss the problem adequately with the officers of the United States Government who are concerned with United States financial policy. I am now enclosing a letter covering the points discussed.

You are free to use the enclosed letter as you may see fit. However, neither the Export-Import Bank nor the International Bank looks with favor upon the public discussion of matters which are still in an exploratory state, and I would suggest that in your own interest as well you do not permit publicity to be given which would arouse concrete expectations of immediate results that might not be borne out by events.

Sincerely yours,

JOHN FOSTER DULLES

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[1] Attached to a memorandum from Burnita O'Day, of the Office of the Secretary, to Hemmendinger dated Feb. 29. Also covered by a note dated Feb. 28 from Dulles to Sebald, which reads as follows: "I enclose two letters to Yoshida. The longer letter results from interdepartmental conferences and the result is rather sterile. You may think that it is not worth delivering. If so use your judgement." Department of State files do not indicate whether or not the longer letter was delivered.

The longer letter is attached. In it Dulles indicated that both the IBRD and the Export-Import Bank had procedures which required direct application for loans.

[2] For text, see *Foreign Relations*, 1951, vol. VI, Part 1, p. 1466.

No. 533

611.94/2-2752

Memorandum Prepared in the Department of State [1]

SECRET [WASHINGTON?, undated.]

RECORD OF JAPANESE GOVERNMENT'S POSITION DURING COURSE OF NEGOTIATION OF ADMINISTRATIVE AGREEMENT

The following summarizes, by Articles, the disposition of proposals made by the Japanese Government for changes in the draft administrative agreement which was submitted to them in behalf of the U.S. Delegation about January 23, 1952, [2] a few days before the U.S. Delegation arrived in Tokyo for the negotiations.

Numbers of Articles are those of text of final agreement. Where the numbers of Washington draft differ, they are shown in parentheses.

Article I

The Japanese Government took the position that the "civilian component" should be defined as in NATO, and consequently should not include:

(a) nationals of third states or stateless persons
(b) persons serving with or accompanying the US armed forces
(c) contractors with the US armed forces
(d) employees of contractors with the US armed forces
(e) persons under contract with contractors with the US armed forces.

The Japanese ultimately conceded that the civilian component should be defined to include category (b), and that categories (c) and (d) should be given substantially the same privileges as other members of the civilian component, although these privileges were to be conferred upon them in a separate article, rather than by including them within the term "civilian component". We agreed to exclude categories (a) and (e) from the definition of "civilian component".

Article II

The Japanese insisted at the start of the negotiations that the third sentence of paragraph 1, which authorized the US to continue to use facilities presently in use until arrangements for other facili-

[1] Although this document may have been drafted considerably later, it is printed under date of Feb. 28 in connection with conclusion of the negotiation of the Administrative Agreement. The file copy gives no indication of authorship.

[2] See footnote 3, Document 481.

ties could be made through the Joint Committee, should be deleted. They contended that such an authorization amounted to a continuation of procurement demand after the occupation had ended. They were willing, however, to include the substance of the third sentence in an exchange of notes to be signed simultaneously with the Agreement.

Both sides prepared drafts of the exchange of notes in which Japan would authorize our forces to continue to use facilities and areas now in use, in cases where agreement on the use of facilities and areas had not been reached within 90 days after the effective date of the peace treaty. Difficulty arose over the effort of the Japanese to include in the notes a statement by us either that we had no doubt agreement on facilities and areas could be reached within the 90-day period, or that every effort would be made to complete agreement within that period. We, on the other hand, sought to include a statement by the Japanese recognizing that delays might arise in reaching and giving effect to agreement.

The outcome was an exchange of notes in which we agreed to begin consultation on facilities and areas immediately, and on an urgent basis, in order to complete such arrangements at the earliest possible date. The Japanese, on the other hand recognized that "unavoidable delays ["?] may arise in the determination and preparation of facilities and areas and agreed to grant to the US the continual use of particular facilities and areas on which agreements had not been reached within 90 days after the effective date of the peace treaty.

Article III

The Japanese proposed, and we agreed, to provide for consultation between the two governments concerning the exercise outside the facilities and areas of the rights, power, and authority granted in this article. The Japanese asked that paragraph two, the itemization of rights of the US, be deleted from the Agreement, but later agreed to include the text of the paragraph in the official Minutes of the negotiations.

Article IV

The Japanese proposed, and we agreed, to revise the language of paragraph one to provide that the offsetting of US and Japanese claims arising out of changes in condition of facilities and areas would apply to all facilities and areas at the time of their becoming available to the US forces instead of at the time of the coming into force of the Agreement. We proposed, and the Japanese agreed, to add to paragraph one a phrase making clear that the US had no obligation to compensate for changes in facilities and areas.

Article V

In compliance with a Japanese request we agreed to put into the Minutes concerning this article a statement specifying (1) that commercial vessels should not be treated in the same way as US public vessels under this Article unless they were on bareboat, voyage or time charter to the US; and (2) that commercial cargo and private passengers were carried by such vessels only in exceptional cases. We agreed to insert in the text of the article an undertaking to notify the appropriate Japanese authorities in the event any commercial cargo or passengers were carried on such vessels or aircraft. Upon Japanese agreement to grant freedom of access and movement to US forces between facilities and areas and between such facilities and areas and ports, we did not insist upon freedom of movement by land between ports of Japan.

Article VI

No Japanese proposal was made on this article.

Article VII

The Japanese objected to the provision that rates paid by the US armed forces for public utilities and services should be no less favorable than those applicable "to any department or agency of the Government of Japan" because, for historic reasons, the Japanese police are granted a very substantial discount on telecommunications rates. We agreed to change the ending of the article in order to prescribe that rates should be no less favorable than those applicable to "the ministries and agencies of the Government of Japan". A statement was put into the Minutes that for the time being we would not ask for the special police discount, but we did not consider that the US should pay for any significant period rates higher than those paid by the JNPR.

Article VIII

The Japanese objected to the provision that all of the meteorological services which they were obliged to furnish should be furnished without expense to the US. They insisted that the expense for such services should be handled in the same way as the expense for all other services under the provisions of Article XIII. We agreed to delete from the article the phrase "without expense to the US" upon the Japanese agreeing to insert in the Minutes a statement that the charges for these services would be limited to such expense as was incurred by the Japanese solely for purposes of furnishing information to the US armed forces, and excluding any expense which the Japanese incurred in order to furnish services to the Japanese public or to the international community. We agreed to itemize in the Article the services to be furnished, since

the itemization merely expressed in detail what was already included in the general language of our original draft.

Article IX

No proposals were made on this article.

Article X

This is a new article proposed by the Japanese. We agreed to it with slight modifications.

Article XI (Washington Article X)

The Japanese first wanted to deny any exemptions from import duties to contractors. They then offered to grant exemptions only to contractors who were brought to Japan from the United States, and who were not ordinarily resident in Japan. They also made several proposals about certifications to be furnished in cases of imports by contractors. They finally agreed, in effect, to permit contractors to import duty free materials, supplies and equipment to be used exclusively by the US armed forces or ultimately to be incorporated into articles or facilities used by such forces, provided that the US take delivery and certify that such goods were to be used for the purposes specified.

The Japanese were unwilling to give an exemption to members of the US armed forces, the civilian component, and their dependents in the terms of our draft which exempted from import duty all property consigned to or for the personal use of such persons. We accepted their statement of the exemption to be accorded to such persons which is much more detailed than ours, but which still permits exemption from duty of all goods imported in reasonable quantities for personal use, provided that such goods are brought in by such persons at the time of their entry into Japan or are mailed into Japan through US military post offices. We agreed that such persons are not permitted to import goods free of duty other than at time of entrance or through the mails, except "vehicles and parts" which may be imported for private use free of duty at any time.

We agreed to insert in the Article the provision that the granting of exemptions from import duties did not oblige the Japanese to grant refunds of customs duties and domestic excises which had already been collected. The Japanese offered to exempt from customs examination units and members of the US armed forces under orders entering or leaving Japan. We accepted about two-thirds of the Japanese proposals aimed at providing safeguards against abuse of the privileges granted in the Article.

Article XII (Washington Article XI)

Both sides worked toward expanding this Article to specify the taxes on goods procured by the US armed forces from which they would be entitled to claim exemption. Provision was made for exemptions from or refunds of any present or future Japanese taxes which might be found to constitute a significant and readily identifiable part of the gross purchase price.

The Japanese were at first unwilling to grant any tax exemption to contractors procuring goods for ultimate use by our forces. They later offered to insert in the Minutes a statement prescribing procedures for such exemptions. They finally agreed to include in the article a provision recognizing that procurement for ultimate use by our forces should be exempt from tax, and to insert in the Minutes a statement prescribing procedures for obtaining such exemptions.

At Japanese request the provision concerning conditions of employment of Japanese labor was expanded to specify that rights of such workers should be those prescribed by Japanese law. There was also included in the article a prohibition against disposal to unauthorized persons of goods purchased tax-free.

Article XIII (Washington Article XII)

Both sides agreed that exemption from income tax should not be granted to persons who, for US income tax purposes, claimed to be residents of Japan. At first, the Japanese were unwilling to grant an exemption from income taxation to contractors ordinarily resident in the United States or to employees of such contractors. They later stated they were willing to reduce their income taxes on such income to amounts which did not exceed the taxes such persons would have to pay under US income tax laws. In the end they agreed to grant income tax exemption to such persons, but the provision conferring such exemption was inserted in a new Article XIV.

The Japanese were unwilling to exempt from taxation in Japan holdings by members of the US armed forces, etc., of intangible property registered in Japan, or to grant exemption from automobile taxes. We agreed to the Japanese position but insisted that the exemption on automobile taxes be limited to "taxes payable in respect to the use of roads by private vehicles".

Article XIV

This is a new Article, proposed by the Japanese to cover contractors and their employees. When they first proposed the Article, the Japanese attempted to deny such persons several of the privileges granted to the civilian component. As finally agreed, however, the

Article provides that contractors shall be treated in the same way as members of the civilian component except with respect to criminal jurisdiction. It was agreed that the Japanese should have the primary right to exercise criminal jurisdiction over such persons. If they chose not to exercise this right, the US military authorities would then have the right to exercise jurisdiction.

Article XV (Washington No. XIII)

The Japanese proposed that US army newspapers which were circulated to the general public should not be exempted from Japanese regulations, etc. We agreed that such newspapers sold to the public should be subject to Japanese regulations, etc., to the extent of such circulation. We agreed to a Japanese request that PXs etc., should be required to comply with Japanese law with respect to the employment of Japanese labor. The provision on this subject is identical with a corresponding provision in Article XII concerning employment by the US armed forces.

Article XVI (Washington No. XIV)

No substantial changes were proposed by the Japanese in this Article.

Article XVII (Washington No. XV)

The Japanese requested that the Agreement authorize Japanese courts and authorities to exercise jurisdiction over offenses committed outside the facilities and areas by members of the US armed forces, etc., where the offending party is a Japanese national. We refused to agree, and the Japanese ultimately accepted a provision stating that the US would give sympathetic consideration to a request by Japan for waiver by the US of its right to exercise jurisdiction in such cases where Japan considered such waiver to be of particular importance.

The Japanese sought to deny US military authorities the right to exercise exclusive jurisdiction over (a) contractors, (b) employees of contractors, (c) persons of only Japanese nationality who were dependents of members of our forces or of the civilian component. It was agreed that Japan and the US should exercise concurrent jurisdiction with Japan over these categories (a) and (b) with Japan to have the primary right to exercise jurisdiction. We relinquished any claim to exercise jurisdiction over category (c).

The Japanese proposed, and with modifications we agreed to a number of additions to clarify the language of the Article and to prevent criminals from escaping the jurisdiction or enforcement procedures of either the Japanese or US Government.

Article XVIII (Washington No. XVI)

The Japanese first proposed that the cost of settling claims arising out of acts of members and employees of the United States armed forces in the performance of official duty be divided on a 75-25, rather than a 50–50 basis. They later agreed that the entire cost of settling claims should be lumped with other expenses of maintaining United States armed forces in Japan and, pursuant to Article XXIII, either paid out of the Japanese contribution of $155 million or borne by the United States. We refused to agree to lump costs of settling claims with other expenses incurred under the agreement since the Japanese contribution of $155 million had been determined on the assumption it would not include costs of settling claims, and since the United States would not be willing to bear the entire cost of settling claims the amount of which had been determined by the Japanese Government. The ultimate decision was to treat costs of settling claims separately from other expenses and to leave terms of sharing of costs to be determined by future agreement between the two Governments.

The Japanese also proposed that Article XVI be expanded to provide procedures for *ex gratia* payments of claims arising out of acts of members of the United States armed forces, the civilian component, and their dependents not in the performance of official duty. The procedures proposed were the same as those provided in the NATO agreement. We accepted the Japanese proposal with the modification that it apply only to claims arising out of the acts of members of, and employees of the United States armed forces.

The Japanese objected to the provision that the United States would have the exclusive right to determine whether members or employees had acted in the performance of official duty. They suggested that an arbitrator be appointed, or that the determination be referred to the Joint Committee. They ultimately accepted our proposal which recognized that the United States had the primary right to decide such a question, and that disputes could be referred to the Joint Committee for "consultation."

Article XIX (Washington No. XVII)

The Japanese proposed a slight change in the phrasing of this Article which we accepted.

Article XX (Washington No. XVIII)

The Japanese asked that there be inserted in the paragraph authorizing American banks to establish facilities for handling Military Payments a provision requiring such banks to maintain such facilities physically separate from their Japanese commercial banking business and subject to "over-all supervision" by the Japanese

Ministry of Finance. They ultimately abandoned their proposal concerning supervision on our agreeing to insert in the Minutes that monthly reports of the total MPC–yen conversions be supplied to the Japanese Government. We agreed to certain additional language to state affirmatively that we would take steps to prevent unauthorized use of military payment certificates.

Article XXI (Washington No. XIX)

The Japanese were unwilling in this Agreement to grant to "other officers and employees of the US Government" the right to use US military post offices. We agreed to delete the quoted phrase with the understanding that the official Minutes would show the Japanese Government intended to grant such privileges to the designated persons.

Article XXII (Washington No. XX)

No proposal was made by the Japanese Government.

Article XXIII (Washington No. XXI)

The Japanese proposed a slight change in the language of the Article, which we accepted.

Article XXIV (Washington No. XXII)

The Japanese made their strongest argument against this article. They first asked that it be deleted entirely. They argued that there should be consultation between the two Governments before we took action even to defend our own forces in Japan. They believed the Diet would consider that the commitments in our Article XXII went beyond Article III of the Security Treaty since latter refers only to "disposition of US forces in and about Japan". The Diet might, as a consequence, insist on legislative review of the entire agreement. The Article raised questions of highest political and security importance which could not be dealt with in the administrative agreement. In reply we argued that we must have assurance that our forces would be free to defend themselves in an emergency, and that arrangements for action in the event of hostilities or the threat of hostilities were "conditions which shall govern the disposition" of our forces within the meaning of Article III of the Security Treaty.

It was ultimately recognized that so many controversial issues were raised by the language of this Article that it would be preferable for the Article to state simply that the two Governments would consult on mutual defense measures.

Article XXV (Washington No. XXIII)

The Japanese raised a number of questions concerning the meaning of such phrases in our draft as "relative contributions", "total

resources", and "any comparable arrangements for collective security". They also questioned references in the article to dividing "local costs" on a basis of parity. We were unable to give a satisfactory definition of local costs. Since they had no objection to the substance of the article (the obligation to furnish real estate rent free and to turn over $155 million), it was agreed that non-essential language be eliminated from the Article.

The Japanese contended that their contribution of $155 million should be reduced because in computing that amount, the United States had assumed taxes would be paid on procurement in Japan and now the Japanese had agreed to exempt such procurement from taxation. They claimed that, in submitting their budget to SCAP for approval, and subsequently to the Diet, they had included in their estimates of revenue, a return of approximately 900 million yen in taxes out of their 65 billion expenditure for expenses of United States troops. We recognized that taxes had been included in fixing the Japanese share, and agreed to insert in the Minutes a statement that the tax element of the Japanese contribution for 1952–53 be deducted when payments were made by the Japanese. In subsequent years contributions were to be based on the assumption of tax-free purchasing by our forces.

The Japanese at first contemplated expenditure by themselves of their monetary contribution. They ultimately agreed to turn their contribution over to the US.

Article XXVI (Washington No. XXIV)

We agreed to the Japanese proposal to delete the word, "senior". We refused to go along with the Japanese proposal that provision be made for the two Governments each to appoint two representatives, since the Security Treaty has two roles to play, military and political.

Article XXVII (Washington No. XXV)

The Japanese proposed an additional sentence concerning the effective date of the Agreement which would recognize the fact that some of the provisions could not be implemented by Japan until the Diet had enacted legislation. We changed the wording of the sentence to avoid any implication that the Diet could veto provisions of the Agreement. As amended, the sentence was inserted.

Article XXVIII

This is a new Article proposed by the Japanese to specify that if either party requested the revision of any Article of the Agreement, the two Governments would enter into negotiation. We accepted their language.

Article XXIX (Washington No. XXVI)

A slight change was made in this Article to make it conform with new Article XXVIII.

No. 534

693.941/2-2852: Telegram

The Secretary of State to the Office of the United States Political Adviser to SCAP (Sebald) [1]

CONFIDENTIAL
PRIORITY

WASHINGTON, February 28, 1952—5:21 p.m.

Topad 2334. Sebald from Dulles. Discussion with Senators Smith and Knowland indicates growing reluctance several Senators act on Jap Treaty while Taipei negots in what appears critical state and while certain elements spread suspicion Jap Govt not negotiating in good faith, but would seek pretext to break negots as soon as US Senate acted. Don't believe this reflects majority Senate opinion but in view of almost unlimited possibilities of delay which Senate procedure affords even small minority, suggest that, at your discretion, you bring situation to Yoshida's attn in the hope good progress can be made and atmosphere of suspicion dispelled. Having gone so far, and we believe rightly so, to win US Congressional goodwill, don't believe result should be prejudiced by technicalities on matters of substance. We on our side, will be prepared, if appropriate occasion arises, to use good offices to urge Chi not make unreasonable demands not contemplated by multilateral or Yoshida-Dulles formula.

On basis present Senate calendar earliest possible consideration would be end next week or first fol week. [2]

ACHESON

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[1] Drafted and approved for transmission by Dulles; cleared by Allison for FE.

[2] In his memorandum of a conversation held with President Truman on Feb. 28, Acheson stated: "The President said he would get in touch with Senator Ernest McFarland of Arizona on Monday. He believes it was a wise thing to put the Japanese Treaty ahead of the Tidelands bill and believes that that could and should be done. He thought that they had to dispose in some way of the Hawaiian Statehood bill this week." (Secretary's Memoranda, lot 53 D 444)

However, in telegram 2371 to Tokyo, Mar. 4, the Department reported that the Senate on Mar. 3 had voted to consider the Tidelands oil bill first. "Therefore outlook is for treaty not to come up at least until next week and for at least several days debate thereon." (694.001/3-452)

No. 535

794.00/2-2952

The United States Political Adviser to SCAP (Sebald) to the Department of State

[Extract]

SECRET Tokyo, February 29, 1952.
No. 1214

Subject: Weekly Political Notes from Japan

. . . . . .

1. *Administrative Agreement Signed.* [1] (This item secret.) The Administrative Agreement was signed on February 28, 1952, at the Japanese Ministry of Foreign Affairs by Dean Rusk and Earl D. Johnson for the United States and Katsuo Okazaki for Japan. The text was released to the press the same day.

The last week of the negotiations was concerned mainly with (1) revising the provision regarding defense measures, a "generalized" version prepared by the United States which proved highly acceptable to the Japanese, (2) amending the wording regarding continued use of facilities and areas by the United States forces and agreeing to an exchange of notes on this matter, and (3) resolving certain questions regarding taxation to be made by Japan on its contribution of $155,000,000 for the maintenance of the United States forces, where it was agreed that since Japan had already drawn up its budget for the fiscal year 1952–1953 on the basis that this sum could be subject to taxation, there would be no objection this year but in succeeding years it would not be appropriate that Japan diminish its contribution through taxes.

The Agreement was signed in an atmosphere of great public interest and apprehension, which was reflected at the signing ceremony by a flood of klieg lights and clicking cameras and batteries of microphones. The Budget Committee of the House of Representatives had for several weeks been wrestling with the budget, and Opposition politicians had used this opportunity to grill Government leaders on all aspects of the Agreement, including rearmament, despatch abroad of the National Police Reserve, jurisdiction, taxation, and even expenses. A series of robberies, generally reported as involving foreigners in United States army uniforms, had sustained the attention aroused by the Senju bank holdup of February

[1] The Agreement, together with accompanying exchange of notes, entered into force on Apr. 28, 1952. For text, see 3 UST (pt. 3) 3341.

18, and pointed up the significance of the criminal jurisdiction provisions of the anticipated Agreement.

On February 26, a new high in public interest was reached when *Asahi* and *Yomiuri* published detailed summaries of the Agreement, probably based on information received from the Finance Ministry, which contained accurate outlines of a number of clauses regarding expenses, taxation, and procurement, but was generally vague or inaccurate on other major items such as facilities and areas, jurisdiction, and defense measures. These articles served, however, to provoke bitter attacks in the Diet and press, and charges of extraterritoriality swelled. The Opposition issued a statement condemning the Government's conduct of the negotiations and in the Budget Committee proposed a vote of no-confidence in State Minister Okazaki on the ground that he had failed to report adequately the contents of the Agreement to the Diet. Various lawyers and commentators argued that the criminal jurisdiction provisions, as reported in the press, would constitute a violation of Japan's sovereignty and thereby continued to concentrate public interest on the issue of extraterritoriality.

Publication of the text of the Agreement and press conference by Mr. Rusk and Mr. Okazaki did not appear substantially to reduce criticism of the Agreement, even though there seemed to be at least temporarily a lessening of public apprehension as efforts were made to understand its terms. Opposition leaders continued to attack the Government and announced their plan to hold a public rally in protest on March 6. The press generally took the view that the Agreement was not concluded on an equal basis and that it failed to answer important questions regarding criminal jurisdiction and emergency defense measures. There was also some concern over hitherto neglected technical issues, such as use of military currency and dollar checks by the United States forces, the free entry of United States vessels, planes, and personnel, and the right to equal use of Japanese public utilities.

It is still too early to assess Japanese reaction in proper perspective, but the mood of concern tinged with bitterness would appear to presage a period of difficulty in United States–Japan relations. (RBF) [2]

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For the Political Adviser:
JOHN M. STEEVES
First Secretary of Mission

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[2] Richard B. Finn, Third Secretary of Mission.

No. 536

693.941/3-152: Telegram

The United States Political Adviser to SCAP (Sebald) to the Department of State

SECRET
PRIORITY

TOKYO, March 1, 1952—2 p.m.

Topad 1822. Dulles from Sebald. In absence Yoshida, discussed urtel 2334, Feb 28, with Iguchi whose reactions generally confirm comment penultimate para mytel 1815, Feb 29. [1] Regarding what appears wide area difference between Chinese and Japanese drafts, [2] I expressed concern that Japanese appear to have overlooked important commitment that substance Japanese-Chinese treaty wld be in accordance with principles of multilateral. Iguchi replied that while my view seemingly correct, he felt confident in consequence negotiations satisfactory middle-ground will be reached. Iguchi said Japanese considerably concerned over Chinese demand treaty must apply all China and then brought into conformity Yoshida–Dulles formula by separate document. States Japanese can not agree this proposal which is main stumbling block present negotiations. On other hand, Kawada already instructed agree use "peace" treaty in title.

Iguchi fully aware Senate atmosphere and we consider problem sufficient importance be brought directly Yoshida's attention. In-

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[1] The antepenultimate and penultimate paragraphs of this telegram read:

"*Comment:* As we view situation here were it not for possible effect upon forthcoming Senate deliberations San Francisco treaties present negots in Taipei shld not be unduly alarming. Chi are certainly a match for Japs in negots of this kind and while latter undoubtedly take courage from real or implied support US as indicated by close relationship fostered thru peace and security treaties and successful conclusion admin agreement, they nevertheless fearful Chi might take advantage hitherto preferred sitn, powerful support certain elements Wash and long history Jap aggression Chi mainland. We believe our immed objective shld be ensure continued negot without reaching point where mutual distrust might bring Taipei conf to sudden end. From all we can gather Japs will exert utmost to continue talks and are fully alive to serious consequences which wld fol intransigent attitude or failure reach acceptable compromise with Chi.

"On other hand during this initial sitn of mutual sparring for position US might be placed in invidious position being charged with exerting undue pressure upon Japs perhaps in consequence Chi airing their concepts in public press. We fully appreciate desirability Japs explicitly carrying out provisions Yoshida to Dulles ltr and believe they will do so but only after some delay and rptd attempts whittle down what they consider unreasonable Chi demands." (693.941/2-2952)

[2] A copy of the Chinese draft as of Feb. 21, is enclosed with an unnumbered despatch dated Feb. 23 from the Embassy in Taipei to the Office of the U.S. Political Adviser to SCAP. (Tokyo Post files, 320 Formosa–Japan)

No copy of the Japanese draft of Mar. 1 has been found in Department of State files.

terview being arranged afternoon March 4 subsequent to which I will advise you further.

SEBALD

No. 537

794.5/3-352

The Assistant Secretary of State for Far Eastern Affairs (Allison) to John C. Houston, Jr., Vice Chairman for Stockpile and International Programming, Munitions Board

TOP SECRET [WASHINGTON,] March 3, 1952.

MY DEAR MR. HOUSTON: In your letter of February 19, 1952 [1] you request the concurrence of the Department of State in the immediate placement of orders in Japan for the production of combat end equipment for export to friendly foreign countries. You state that in addition to the obvious time advantage to be gained by placing such orders now, rather than postponing action until the termination of the Occupation, the Department of Defense is desirous of obligating prior to 30 June certain funds now available under current appropriations.

As stated in Mr. Rusk's letter of June 22, 1951 to Mr. Van Atten, [2] mentioned in your letter, and previous correspondence between the Department of State and the Department of Defense, the Department of State, in view of the FEC policy decisions which govern a proposal of this nature, has been reluctant to approve production in Japan for export to areas other than Korea of items designed solely for military purposes prior to the coming into force of the Peace Treaty. However, the considerations mentioned by you [3] are appreciated and the Department of State is desirous of cooperating in every possible way with the Department of Defense in this matter.

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[1] Not printed, but see footnote 3, below.

[2] For text, see *Foreign Relations*, 1951, vol. VI, Part 1, p. 1137.

[3] In the letter of Feb. 19 Houston stated: "It has become apparent, however, that expanded production would result in significant savings to the United States, since total orders which it has been able to place to date for support of the JNPR or the Allied effort in Korea have been inadequate to permit Japan economically to produce combat end items. Accordingly, in order to reduce costs of manufacturing, to strengthen the industrial mobilization base in Japan, and to improve Japan's capabilities to provide for her own defense, the Department of Defense is desirous of utilizing Japanese facilities to produce ammunition and combat end products now needed to provide military assistance to Southeast Asian countries." (790.5 MAP/2-1952)

Recognizing the validity of these FEC policy decisions until the effective date of the Treaty of Peace with Japan, the Department of State, nevertheless, perceives no objection to the immediate placement of orders in Japan for production of combat and equipment for export to areas other than Korea or to the initiation of the production of such combat end items, provided there is no delivery of such items to areas other than Korea before the effective date of the Treaty of Peace with Japan or specification in the contract as to the place of delivery. It is the understanding of the Department of State that the type of combat end equipment to be manufactured in Japan for export to areas other than Korea is similar to that being produced for the Japanese National Police Reserve and the Allied effort in Korea. [4]

In view of the time which it will take to place the orders and to put Japanese facilities into production, the Department of State considers that the foregoing proviso creates no effective obstacle to the accomplishment of the United States objective which is to strengthen the industrial mobilization base in Japan. The proviso would, however, have the effect of avoiding any international complications at this time.

Sincerely yours,

JOHN M. ALLISON

[4] Concerning this point, the attachment to a memorandum dated Mar. 7 from McClurkin to Allison reads in part: "in August 1950 the Department concurred in the policy that certain Japanese munitions plants were to be used for production of articles required in the Korean campaign on the grounds that North Korean aggression constituted defiance of the United Nations and represented a threat to the occupation so that SCAP was justified in making what use he might determine of these war facilities in accordance with paragraph 10 of FEC 084/21. It is the understanding of the Department that no advantage was taken of SCAP's authority under paragraph 10 of FEC 084/21 to permit manufacture of combat end equipment in Japan either for the Korean effort or the NPR until late November and early December 1951 when orders amounting to $20,000,000 were placed in Japan by the Department of Defense for the production of ammunition for the NPR." (794.00/3-752)

No. 538

693.941/3-452:Telegram

The United States Political Adviser to SCAP (Sebald) to the Department of State

SECRET PRIORITY TOKYO, March 4, 1952—7 p.m.

Topad 1842. Dulles from Sebald. Re mytel 1822 Mar 1. Discussed salient points urtel 2334 Feb 28 with Yoshida and especially stressed desirability creating atmosphere of goodwill and dispelling

suspicion and recriminations Taipei negots. Yoshida explained that Kawada has obviously been taking rigid attitude in endeavor stay within Yoshida–Dulles letter and formula and is also somewhat hesitant in view feeling Chinese will out-negotiate Jap mission. He said he fully understands situation and will instruct Kawada adopt more liberal attitude and do everything possible create healthy atmosphere. He asked me assure you there was no cause for worry. Yoshida reiterated that Chinese are skillful negotiators who place great emphasis upon language employed. When I remarked there are rumors Jap mission wld seek pretext break negots as soon as US Senate acted, Yoshida with chuckle replied "we are not that clever".

I told Yoshida of my concern regarding wide area of difference between Chi and Jap draft treaties and wondered whether, on the basis these two drafts, negotiations cld produce mutually satis treaty. Yoshida admitted Jap draft very short but said he felt Kawada might be well-advised adopt some Chi suggestions for additional articles.

I believe discussion with Yoshida will be productive desired results but it is probable some days will elapse before change in Kawada's negotiating attitude becomes apparent and is mirrored by improved Chi press reactions.

SEBALD

No. 539

693.941/3-552:Telegram

The Chargé in the Republic of China (Rankin) to the Department of State [1]

SECRET TAIPEI, March 5, 1952—9 p.m.

1130. During call on Generalissimo, yesterday for purpose of presenting Emb's new Counselor Jones, [2] we discussed Jap Treaty negotiations in some detail. Generalissimo emphasized importance to Chi of first numbered point mytel 1123 March 5. [3] He hoped US

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[1] Repeated to Tokyo.

[2] Howard Palfrey Jones.

[3] In this telegram Rankin reported on his conversation held on Mar. 5 with Minister Yeh. Rankin stated that Yeh's first point was that while the Chinese Government did not expect specific recognition in the bilateral treaty of its position as one of the victorious allies, or of its sovereignty over the mainland, it was not willing to sign a treaty which failed to imply the former, or which would give up the latter. (693.941/3-552)

wld continue support Chi Govt in its position as one of victorious allies.

Generalissimo thinks Japs will make grave error if they fail embrace this opportunity for reconciliation with Chi Govt. He regards tenor of Jap draft of bilat treaty as mistake from their own standpoint, adding that Japan's only hope for continued freedom from Communist domination lies in liberation of Chi mainland from Communism. He naturally regards his govt as chosen instrument to accomplish such liberation. In attempting analyze Jap motivation Generalissimo expressed fear that they are toying with idea of third force among Chinese. I asked where they expected find such force. He did not answer directly but it may be assumed he had in mind elements which collaborated with Japs during war and which Chi here suspect have been negotiating with Amers more recently.

I sympathized with Generalissimo's disappointment over progress of Chi-Jap talks to date but noted that three important steps had been taken:

1. Japs actually sent important treaty del to Taipei.
2. Japs agreed to "peace" treaty.
3. Japs apparently will treat with Govt of Repub of Chi as such and not as "local" Govt.

I remarked that one more step—admittedly long one—needs to be taken: Conclusion of treaty. I said we must not expect it to be entirely satisfactory to all concerned, but that if it materializes in form which contains nothing definitely unsatisfactory its actual conclusion wld in itself be most important accomplishment from Chi's standpoint. I expressed appreciation of patience skill and hard work of FonMin and other responsible Chi officials in this connection.

In reply Generalissimo expressed hope of treaty's early conclusion and repeated his desire for US support in persuading Japs to be reasonable. [4]

RANKIN

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[4] In telegram 643 to Taipei, Mar. 7, the Department replied: "Dept appreciates ur taking opportunity afforded by Jones call to discuss Jap treaty negots with Gimo and believes you correctly pointed out importance of (a) progress which has been made and (b) fact that conclusion of Jap treaty, even one mtg only minimum Chi requirements, wld be advantageous to Chi. It is hoped your observations will encourage Gimo give Yeh full confidence and allow him wide latitude which necessary if treaty negots are to progress rapidly." (693.941/3–652)

No. 540

794.5/3–1852

The Counselor of Mission in Japan (Waring) to the Deputy Director of the Office of Northeast Asian Affairs (McClurkin)

TOP SECRET
OFFICIAL–INFORMAL

Tokyo, March 18, 1952.

My Dear Bob: Ken Morrow [1] came to my office on March 13 to discuss the accomplishments of the recent Marquat mission to Washington. [2] Also present were Peyton Kerr [3] and George Artamonoff, head of the small MSA staff in Tokyo—the latter at Morrow's request. This letter has been drafted by Peyton Kerr.

Two general subjects were discussed: (1) the prospect for military orders for Japan and (2) the question of establishing a staff in Tokyo to promote economic mobilization and coordination of procurement.

Following is a summary of Morrow's remarks.

Military Orders for Japan

A 10-division military force has been decided upon for Japan and equipment lists have been worked out. The total estimated cost of equipment for these 10 divisions is $777,000,000.

Approximately $40–65 million is still available for expenditure in Japan from U.S. military appropriations for fiscal 1952. Working with JLC and other appropriate military groups in Japan, Morrow has been given responsibility for preparing plans for expenditure of these funds in Japan for military equipment. He proposes to complete such plans within 30 days.

The U.S. military budget for fiscal 1953 will include $300 million for the JNPR. (An additional $300 million is promised for fiscal 1954.) If results obtained through expenditure of the $40–65 million referred to above are satisfactory, approximately $110 million of these funds will be spent in Japan. This $110 million plus $40 million from fiscal 1952 appropriations make up the $150 million referred to by General Marquat in his press release of March 11, 1952. (Despatch 1263, March 15, 1952.) [4]

The United States wishes to dispose of certain equipment. With respect to vehicles, U.S. forces are to be completely re-equipped

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[1] A senior official in the Economic and Scientific Section of SCAP.

[2] A group headed by Maj. Gen. W. F. Marquat, Chief of the Economic and Scientific Section of SCAP, had left Tokyo on Jan. 26 and had returned to Tokyo early in March.

[3] First Secretary of the Mission in Japan.

[4] Not printed. (894.10/3–1552)

with new-model jeeps and 6 x 6 trucks by December 1953. For this reason, the question of whether (and to what extent) the JNPR should be supplied with second-hand equipment takes on added importance. Morrow predicts that vehicles supplied to the JNPR will be a combination of rebuilt and new construction in Japan. There are approximately 100,000 vehicles in the Far East available for a rebuilding program. Rebuilding means expenditure of $1,400 per unit in Japan, a total potential expenditure therefore of $140,000,000.

The estimate of $777 million for the total cost of equipment for 10 divisions is "phony" in the sense that Japan is to be charged replacement cost for the rebuilt jeeps and trucks. This estimate also includes a substantial charge for crating and shipping. Shipping charges can be earned by Japan to the extent that Japanese ships are available. A bill, sponsored by the Defense Department, to make 50 ships from the reserve fleet available to Japan will be introduced within two weeks.

The above figures are for the JNPR and do not include the possibility of MDAP off-shore procurement in Japan. The first order from MDAP funds to be placed in Japan amounts to $7 million for equipment for Indo-China. As in the case of JNPR equipment, Morrow predicts that results obtained from this order will determine the extent of additional MDAP off-shore procurement in Japan.

We had been previously informed of a controversy in Washington over whether U.S. military appropriations should be used to maintain the U.S. military production base or should be used in part for off-shore procurement. A recent telegram indicated that this controversy had been resolved and that off-shore procurement in Japan would be comparatively small. In view of the discrepancy between this telegram and Morrow's relatively optimistic figures for prospective military expenditures in Japan, we asked him whether the controversy referred to had in fact been resolved. He indicated that he thought it has not been resolved completely.

Concerning the question of an economic mobilization staff in Tokyo, Morrow indicated that Mr. Foster, Under [*Deputy*] Secretary of Defense, favors establishment of such a staff by MSA but that a majority of the MSA legal staff considers that this is impossible under present MSA legislation. MSA does not want to set up such a staff for the added reason that such a move would give rise to pressure from Japan for an aid program. On March 12, Mr. Foster issued an order designating the Army as the coordinating agency for off-shore procurement but Japan was omitted, apparently because it was considered "that SCAP had adequate authority". Morrow indicated that opinion is divided within the Department as

to whether such a staff should be a part of the Embassy. He indicated further that, if this staff is in the Embassy, the Department had agreed that salaries would be more or less in line with those to which ESS personnel have become accustomed. He stated further that the Department is interested in recruiting only himself and approximately 10 other members of Morrow's own staff in ESS and is not interested in other top echelon ESS officials. He urged that a decision be expedited because it has been necessary to drop two additional members of his staff (his price man and his labor-force man), since he returned from Washington to meet reduction-in-force requirements, and because he himself must decide among alternative employment offers he has received.

I have sent a separate letter to you on the subject of an economic-mobilization staff in Tokyo. [5]

Accept cordial regards.

Sincerely yours,

FRANK

[5] Dated Mar. 17, not printed. (794.0221/3-1752)

No. 541

Editorial Note

On March 20, the Senate gave its advice and consent to ratification (without reservations) of the Japanese Peace Treaty and the three Pacific security treaties. The vote on the Peace Treaty was 66–10; that on the Security Treaty between the United States and Japan was 58–9.

Although no reservations were adopted, the Senate did make a "declaration" with respect to its action: "As part of such advice and consent the Senate states that nothing the treaty contains is deemed to dimish or prejudice, in favor of the Soviet Union, the right, title, and interest of Japan, or the Allied Powers as defined in said treaty, in and to South Sakhalin and its adjacent islands, the Kurile Islands, the Habomai Islands, the island of Shikotan, or any other territory, rights, or interests possessed by Japan on December 7, 1941, or to confer any right, title, or benefit therein or thereto on the Soviet Union; and also that nothing in the said treaty, or the advice and consent of the Senate to the ratification thereof, implies recognition on the part of the United States of the provisions in favor of the Soviet Union of the so-called 'Yalta agreement' regarding Japan of February 11, 1945." (Department of State *Bulletin*, May 5, 1952, page 689)

For Secretary Acheson's statement of March 21 concerning completion of Senate action on the four treaties, see *ibid.*, March 31, 1952, page 491.

No. 542

694.001/3-2152

Memorandum by John Foster Dulles, Consultant to the Secretary of State, to the Secretary of State [1]

[WASHINGTON,] March 21, 1952.

The proposed reservation to the Japanese Peace Treaty to the effect that "China" shall be deemed to be the National Government got 29 votes against 48. This was despite the fact that the reservation was vigorously opposed by both Senator Smith and Senator Knowland, who are known as being staunch supporters of the National regime.

The Senate attitude on this matter makes it quite apparent to me that the reservation would have been adopted had the Japanese Government not taken the decision to deal with the Nationals on the terms of Prime Minister Yoshida's letter to me of December 24.

The reservation, if adopted, would have involved an attempt to impose our particular Chinese views in the Treaty itself and would have been rejected by a large number of the other signatories with the result that the entire Treaty structure would have collapsed.

I know that what we did put an undesirable strain upon our U.K. relations but it was not nearly as bad as what seems to me was clearly the alternative.

JFD

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[1] Drafted by Dulles.

No. 543

794.00/5–2652

Memorandum of Conversation, by the Commander in Chief, Far East (Ridgway) [1]

[Extract]

SECRET [TOKYO,] March 26, 1952—4:30–5:20 p.m.

. . . . . .

7. Speaking of the Communist threat in Japan, he [Yoshida] outlined his plan of shortly beginning a campaign of education of the Japanese people, an element of which would be the sending of representatives of the Liberal Party throughout the country districts of Japan, because he said the farmers were substantial people and honest thinkers. "From here," he pointed out, "the people, understanding the Communist threat, would themselves demand that Japan provide its own protection by rearming."

"Rather than me urging rearmament," he said, "I want the demand for it and for revision of the Constitution to permit it, to come from the people. Under this plan I feel sure it will. We are going to watch a Gallup poll and when we get about two-thirds who demand rearmament, then the Government can move openly in that direction."

"If the Government should try to move now in that direction, it would find itself strongly attacked by the Opposition and probably saddled with a lot of members of the extreme Right, former Generals and Admirals particularly." "Neither the extreme Right nor the extreme Left," he said, "would be good for my people. We want the support of the middle-of-the-roaders, and that is why the farm population, with its honesty and stability, is so important." [2]

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M. B. RIDGWAY
General, United States Army

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[1] This extract is part of one of several excerpts from records of conversations held between General Ridgway and Prime Minister Yoshida (during 1951–1952) which the General gave to Ambassador Robert Murphy and which the latter transmitted to Allison in a letter dated May 26, not printed. The entire packet is attached to Allison's reply dated June 11, in which the Assistant Secretary commented in part: "It is also of interest to note that Yoshida has long been alive to the Communist threat, and that he has plans for educating the Japanese people to the necessity of dealing with this threat effectively. Education along such lines should, as Yoshida points out, assist in awakening the people to demand rearmament rather than having the Government faced with the necessity of forcing this issue."

[2] In a memorandum to Allison concerning a conversation held May 23 in Washington with General Ridgway, Bruce reported the General's views on Japanese rearmament as follows:

Continued

No. 544

794.5/3-2752

The Assistant to the Secretary of Defense for International Security Affairs (Nash) to the Assistant Secretary of State for Far Eastern Affairs (Allison)

TOP SECRET WASHINGTON, March 27, 1952.

DEAR MR. ALLISON: The questions outlined in your letter of 7 February 1952, which you indicated would serve as a basis for drafting an NSC paper on Japan, have been considered by this office, the staff of the Joint Chiefs of Staff, the Munitions Board, and other interested offices within the Department of Defense. Accordingly, the following information is submitted for use in preparing a draft NSC paper. It might be mentioned that these views are, for the present, informal and will be subject to further review at the time the NSC paper is circulated for comment. Some of the following information has already been furnished your staff in discussions with representatives of this office.

I. The effective potential over the next few years of United States and Japanese military forces in Japan in resisting attack.

A. It is vitally desirable, from a U.S. security viewpoint, to defend Japan against attack. This defense is desirable to the point of acceptance of war in its accomplishment. It is probable that U.S. forces in collaboration and cooperation with the Japanese National Police Reserve will be able to maintain the security of Japan from external aggression.

1. It is probable that all of Japan can be held against attack. Even if the island of Hokkaido were invaded and portions of that island occupied by Soviet forces launching an attack from Sakhalin, the mission of our forces will be to regain that territory.

2. A large part of Japanese production facilities would be unable to remain in operation in event of hostilities due to enemy air attack from nearby bases. It is believed that the nearness of enemy

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"Japanese rearmament is impeded (a) by financial considerations and (b) by the fact that the Prime Minister is determined not to allow the reconstitution of the traditional officer caste. The General approves of this attitude regarding officers and has confidence that the Japanese are handling the problem of rearmament wisely within the limitations of their capabilities. He says there is a psychological difficulty in our having first indoctrinated the Japanese people with the undesirability of having land forces and now being faced with the necessity of indoctrinating them in the desirability of so doing." (Secretary's Memoranda of Conversation, lot 65 D 238)

air bases would pose a situation that would render it very difficult to prevent large-scale bombing of the Japanese industries. However, even with the mass aerial offensive by U.S. air during World War II large segments of Japanese industry remained in operation. Some guidance by the United States will be required in the restoration of Japanese industry in order that it be so located as to prevent large-scale destruction by hostile air.

3. The answer to this question will be supplied within the next week.

B. The answer to this question appears in the memorandum forwarded to the Secretary of Defense from the Joint Chiefs of Staff on 12 December 1951, subject: High Level State–Defense Mission on Japanese Defense Forces. [1] This was transmitted to State Department by the Secretary of Defense on 10 January 1952. (Further reference to this document will be indicated by the abbreviation MJDF).

1. Four divisions now. Two more divisions by 31 March 1953. Total of ten divisions to be reached by 31 March 1954. The Japanese division equals in strength and armament one U.S. division with the exception of the omission of the divisional tank battalion. Regimental tank companies, however, are included. The Japanese division slice is approximately 25,000 men. For further information concerning this question see MJDF.

2. a. Yes. See MJDF.

b. Yes. See MJDF.

c. No—not for the foreseeable future.

C. 1. For the ground forces this cost will amount to 200 million dollars per year per division. It is estimated that the cost of maintaining U.S. Naval plus U.S. Air Forces in Japan will be approximately equal to the total ground forces cost.

a. More than two-thirds. Primarily all house-keeping facilities will be furnished by Japan.

(1) A maximum of one-third. When Japan develops an armament industry this amount will be greater.

b. 180 million dollars per year (See Administrative Agreement).

2. For 1951 and 1952, 31 billion yen. For 1952 and 1953, 113 billion yen.

a. The equipment for the first four divisions of the JNPR is currently being furnished to the Japanese. It is believed that the equipment which is not provided for in this year's budget will probably be turned over to the JNPR as a result of troop withdrawals from Japan and Korea. In 1952 the Army expended 24½ million dollars in Japan.

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[1] Printed in *Foreign Relations*, 1951, vol. VI, Part 1, pp. 1432–1435.

b. (1) No estimate available.
c. (1) Less than one-third.
(2) One-third.

II. Development and use of Japanese industrial capacity for the production of military supplies and implements of war.

A. As has already been stated the equipment for four divisions of the JNPR is already in Japan. Equipment now being supplied to the JNPR is furnished from the budget of the U.S. Army and this will continue until such time as Japan becomes a completely independent state. After that time, what priority will be assigned for delivery of military equipment to Japan is not known. However, as has been stated above, U.S. forces withdrawing from Japan and Korea will leave their equipment for the arming of Japanese forces. This primarily refers to ground forces. However, certain equipment and supplies will no doubt also be made available by withdrawing Naval and Air Forces. Because of this situation scarcities and delays in U.S. industrial production will not affect the ability of the United States to supply forces in Japan as much as it will affect our ability to supply forces elsewhere.

1. This question was answered to some extent in A above. Specifically, there is now a shortage of wheeled equipment such as the ¼ ton, ¾ ton, and 2 ½ ton trucks. The omission of the tank battalion from the Japanese division was not dictated because of shortages, rather it is because of the limited road net in Japan and the nature of the terrain which makes most of Japan poor tank country. The shortage of wheeled vehicles also will not be so disadvantageous to military operations on Japan as it would be in countries with highly developed road nets where the terrain is relatively flat.
2. 1954. It is believed that at that time and after that time it will be difficult to obtain direct appropriations for military aid to Japan.

B. 1. It is believed that Japanese industry should produce certain types of ammunition for U.S. forces in Japan.

2. It is probably not realistic to expect Japanese industry to furnish military supplies and equipment for U.S. forces stationed elsewhere.

3. Japanese industry should furnish ammunition, clothes, equipment and all but the heaviest of weapons for Japanese security forces.

4. Other friendly forces in Asia can be supplied with ammunition and light military equipment by Japanese industry. This would be advantageous to the United States and beneficial to the economy of Japan.

C. 1. Encouragement of Japanese light armament industry is necessary at the present time. It is believed that in the period follow-

ing a complete independence of Japan it will be more difficult as time progresses to discourage the Japanese from developing heavy armament industries. The United States will be in a position to some extent to curtail the developing of Japanese heavy armament industries through economic controls and the curtailment of exports of raw materials. However, it is too early to state that such discouragement would be to our advantage.

Sincerely yours,

F. C. NASH

No. 545

Tokyo Post files, 322.3 Ryukyus

Memorandum by the Ambassador-designate to Japan (Murphy) to the Assistant Secretary of State for Far Eastern Affairs (Allison)

SECRET [WASHINGTON,] March 31, 1952.

Subject: Eventual Return to Japan of the Ryukyu and Bonin Islands

I have now had informal talks with Secretary of the Army Pace, Assistant Secretary Earl Johnson, General Magruder [1] and General Hamblen, Chief of the Occupied Areas Office, in each of which I have touched lightly on the question of the eventual return of the Ryukyu and the Bonin Islands. In each instance the view was expressed that Defense is split on the question but that the Joint Chiefs, especially General Bradley, are most reluctant to move in the direction of the Department's point of view. In each case I inquired why the distinction has been made between these lesser islands and the main Japanese islands; why the same arrangement for them would not be satisfactory. The explanation was given that General Bradley had felt strongly that no change in the status of the main islands should be made until after the termination of the war in Korea and that he and the Joint Chiefs went along most reluctantly under the pressure of a major political decision. The Joint Chiefs, however, are determined to stand fast regarding the Ryukyus especially, although there is considerable sentiment in other parts of Defense in favor of a relaxation, particularly as the Ryukyus are administratively and economically a burden. General Hamblen expressed the opinion that it would be necessary for a trial period to elapse in order to determine the effectiveness of our arrangements for the main Japanese islands. If a concession were

[1] Maj. Gen. Carter B. Magruder, Deputy for Programs in the Office of the Assistant Chief of Army Staff for Logistics.

made regarding the Ryukyus now and then a little later we were faced with failure of our arrangements for the main islands, we would be subject to double criticism for having yielded prematurely regarding the Ryukyus. The importance strategically of the latter islands to our defense establishment is too great to experiment with lightly. General Hamblen thought that a year's trial would be an adequate period in which to determine the efficacy of the present arrangements. Incidentally, General Hamblen disclosed to me voluntarily that General Ridgway had made a recommendation to Defense favorable to the immediate transfer of the Ryukyus and the Bonin Islands under circumstances similar to those related to the main islands.

No. 546

Princeton University, H. Alexander Smith papers

The Assistant Secretary of State for Far Eastern Affairs (Allison) to Senator H. Alexander Smith of New Jersey

WASHINGTON, April 1, 1952.

MY DEAR SENATOR SMITH: You have asked whether the Security Treaty with Australia and New Zealand, the Security Treaty with Japan, and the Mutual Defense Treaty with the Philippines would bind the United States to go to war in the event that any of these four countries is attacked by an outside power.

The Security Treaty with Australia and New Zealand and the Mutual Defense Treaty with the Philippines specifically state that each Party recognize that an armed attack in the Pacific area on any of the Parties would be dangerous to its own peace and safety and provide that in such an eventuality each Party would act to meet the common danger *in accordance with its Constitutional processes.* Thus, the United States would not be automatically drawn into a war involving these three countries.

The Security Treaty with Japan provides that the United States shall have the right to station forces in and about Japan and that such forces *may* be utilized to contribute to the maintenance of international peace and security in the Far East and to the security of Japan. The Treaty does not legally bind the United States to fight in the event that Japan is attacked; it simply makes available to the United States strategic bases and facilities for its use in the event that it determines to help defend Japan.

In considering these three treaties it should be borne in mind that they are not intended to involve the United States in a war; as

a matter of fact they are carefully worded to avoid any automatic involvement on the part of the United States. The essential purpose of these treaties is to deter any would-be aggressor from attacking certain countries which the United States considers to be of the utmost importance to its own security. In effect, the treaties serve notice on such a would-be aggressor that the United States is deeply concerned with the maintenance of peace and security in this area and will take appropriate steps to help maintain peace and security in the event of an armed attack on the area.

Sincerely yours,

JOHN M. ALLISON

No. 547

State–JCS Meetings, lot 61 D 417

Memorandum of the Substance of Discussion at a Department of State–Joint Chiefs of Staff Meeting, Held in Washington, April 2, 1952, 11 a.m. [1]

TOP SECRET

[Here follows a list of the persons present (14). All of the Joint Chiefs attended. The Department of State group was led by Matthews.]

Ryukyus [2]

Mr. Matthews: We thought it would be useful to talk over the Ryukyus problem. We don't expect a decision, but we thought with Ambassador Sebald and Ambassador Murphy here it would be useful to exchange views.

Mr. Allison: The issue was brought to a head by the negotiation of the Administrative Agreement. Article 3 reserves our rights and powers over the Ryukyus and gives us authority to set up a trusteeship if we should want one, and to administer the islands pending our decision. We realize that the fundamental U.S. policy is to

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[1] The source text bears the following notation: "(State Draft. Not cleared with any of the participants.)"

[2] In a memorandum to the Secretary dated Mar. 31, Allison stated: "On March 24, 1952 you requested that a survey be made within the Department to ensure that all interested offices still support the position that the United States not seek a trusteeship over the Ryukyu and Bonin Islands, but make bilateral arrangements with Japan for the return of the islands to Japanese control provided the United States may retain control over such military facilities therein as are deemed essential by the JCS. It is understood that arrangements have now been made for a conference with the JCS on April 2, 1952 in order to discuss this problem."

In the remainder of the memorandum Allison stated FE's desire that the Department continue the policy just quoted. (NA files, lot 54 D 539, 15.5 Ryukyus)

retain long-term strategic control of the Ryukyus, and we take this as our basic objective. There has been, however, great to do in Japan over the Administrative Agreement. We must take Japanese opinion into account. There are some obvious disadvantages to a trusteeship. It would make us responsible for one million people, it would create expenses for us in maintaining the islands, and it might have an adverse effect in our long term ties with the Japanese. Our feeling has been that it would be useful if we could make a political gesture of agreeing to Japanese sovereignty over the islands and obtain agreement with the Japanese for any military rights that may be necessary. These rights would not have to be limited to those provided for in the Administrative Agreement. There is also the possibility that we might make definite arrangements for Okinawa as against those for the other islands. The decision should be made soon, and we believe it would be useful to set up a joint committee between State and Defense to work out our position.

Ambassador Sebald: [3] As matters stand now, the Japanese have residual sovereignty over the Nansei Islands. There are many unresolved questions as to what this means. For example, who issues travel documents, etc? There is also a political problem—the rising desire on the part of the inhabitants to return to Japan. There is a petition from the Amani-O-Shima to this effect, which was signed by a large percentage of the population. There is also interest in the problem of Japan itself. If we don't settle it soon, we may have considerable irredentist feeling in Japan. From my talks with Japanese officials, I believe there is no problem in our securing control over anything we actually need. The Japanese realize Okinawa is important to the United States and also that our presence there is important to them. At the present time and for the next three to six months, our negotiating position is strong. The Japanese, however, don't want us to have a trusteeship. I believe that if we made some political gesture to the Japanese along lines of sovereignty, it would help Japanese reaction to the Administrative Agreement.

General Vandenberg: What effect would this have on court martial rights? Supposing an airman runs down a native. Who would try him? Or what would happen if we wanted to move a considerable amount of the population away from some dangerous area, or to move people to build additional airfields?

Ambassador Sebald: Things like this could be worked out in negotiations. We might set up a joint board.

General Vandenberg: Our experience in Newfoundland and elsewhere has been difficult. If we are going to wage atomic war, which

[3] Ambassador Sebald left Tokyo for Washington on Mar. 18.

might be unpopular with the Japanese, we would have to have a free hand. If we didn't have a free hand we would lose 90 per cent of the value of the base.

General Collins: I can see major problems. There are five airfields there now. Supposing the Okinawans say there isn't enough farm land and we should have only one. They would appeal to the Japanese Government and we would be in all sorts of difficulties.

General Vandenberg: Or else we might want seven airfields or we might want to make extended airfields and we would get into more problems.

Ambassador Sebald: Couldn't this be worked out by a committee to meet the terms of your actual requirements?

General Bradley: There are some other problems in this. We would like to have a base at Okinawa. The question is, can we get it other than by agreement for trusteeship. Maybe we can work out an agreement with the Japanese Government. The example of Egypt and the British isn't a very hopeful one, and Japan may not always be in our corner. Moreover, it isn't just Okinawa. We need warning services if we have a major base on Okinawa and this would mean we would need facilities on the other islands.

General Collins: We don't envisage staying in Japan indefinitely, but if we build up Okinawa into a major base we do envisage staying there indefinitely.

General Bradley: There is the other question as to whether we can get funds from Congress for anything short of this sort of permanent base that a trusteeship would involve.

Admiral Fechteler: I wonder if I could ask why Ambassador Sebald puts emphasis on our bargaining position in the next three to six months.

Ambassador Sebald: Just because the more time that elapses the more Japanese political pressure will grow and it may reach a point where no Japanese government can stand up against it.

Mr. Nitze: As long as the question is unresolved, public interest will build up.

Ambassador Murphy: General Bradley mentioned the need for other islands. Can you say specifically what other islands you mean?

General Vandenberg: During the war we had airfields between Okinawa and Guam. It's hard to tell what you need for air warning, but early warning facilities are imperative.

Ambassador Cowen: How much pressure is generated by the desire of the people of the islands to return to Japan, and how much pressure comes from the desire of the Japanese to have them returned.

Ambassador Sebald: The people of the islands are practically unanimous in their desire to return to Japan.

Ambassador Cowen: Are the Japanese people able to provide the deficit assistance that the islands need?

General Bradley: I doubt it. Three years ago I rather thought Okinawans liked the setup under U.S. Administration. As I see it, it really boils down to whether or not we pull back our Pacific defense line or not. I agree with General Collins—I doubt if the local people would want to be part of Japan and still have the U.S. around.

General Collins: I don't think we should rush into a decision to give Okinawa back. The Japanese are going to have differences with us about trade with the mainland. They are not going to want U.S. troops in Japan indefinitely. We are liable to have real differences of opinion with the Japanese, but in Okinawa we already have permanent constructions and we should think seriously about giving up our base there.

Mr. Allison: There is no question but that we want to have a base there. What we want to do is work out with you your specifications.

Admiral Fechteler: What's the pressure for the return of the Bonins?

Ambassador Sebald: No real pressure, it's just sentimental reasons.

Admiral Fechteler: The Bonins are of real value to the Navy.

Mr. Cowen: But a naval base does not go into the interior of the island.

General Bradley: If you give back all places except a few, wouldn't you be under pressure constantly to give up the rest. Our position in Japan is temporary, but if we are going to stay in Okinawa we should stay there permanently. If you want a joint group to work up our position we could designate our plans committee.

Mr. Matthews: Cowen can work for us.

Mr. Cowen: I think the study should be based on the assumption that we want a permanent base in Okinawa.

[Here follows discussion of the situation in Korea.]

No. 548

694.001/4-152

Memorandum by the Secretary of State to the President [1]

CONFIDENTIAL [WASHINGTON,] April 14, 1952.

Subject: Ratification of the Japanese Peace Treaty

In accordance with your memorandum of April 1, 1952, [2] the Department of State is withholding any announcement establishing an irrevocable date for bringing the Treaty of Peace with Japan into force.

For the following reasons I strongly recommend that every possible effort be made to bring the Treaty into effect on or about April 16 or within not more than ten days thereafter:

1. Since the beginning of the negotiations for the Treaty the United States has consistently urged the great importance of concluding peace with Japan as quickly as possible. The Treaty provides that it will come into effect when the ratifications of six named countries, including the United States, have been deposited with the United States. Five countries other than the United States have now completed the ratification procedures and it is expected will very shortly deposit their ratifications. This fact is well known to the Japanese and therefore any substantial delay by the United States in bringing the Treaty into effect will receive prominent attention in Japan, and unless the reasons therefor are such as to appeal to the Japanese as being of overwhelming importance the reactions against the United States can well be expected to be very adverse.

2. The desire of the Japanese that the Treaty be brought into effect as soon as possible was a major factor in expediting recent negotiations on the Administrative Agreement for stationing of United States forces in Japan in accordance with the Security Treaty and the undertaking by the Japanese of negotiations of a peace treaty with the Chinese Nationalist Government. Those steps having been taken, the Japanese Government and people would be

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[1] Drafted by Johnson.

[2] In this memorandum to the Secretary, the President stated that important powers of the U.S. Government would lapse if the Japanese Peace Treaty was brought into force prior to enactment of the Emergency Powers Continuation Bill then before the Congress. The President added:

"In view of the serious doubt, as matters now stand, whether that act can be enacted before April 16, the date on which it was hoped the Treaty could be brought into effect, I would like your immediate recommendation as to further postponement of the effective date of the Treaty. Until we can discuss this, please make no announcement that will establish irrevocably a date for bringing the Treaty into force." (694.001/4-152)

very disturbed at any material delay by the United States Government in bringing the Treaty into effect, and elements unfriendly to the United States and Japan could be expected to exploit the situation to the maximum.

3. Extensive political and administrative arrangements have been made by the Department of Defense, the Department of State, the Supreme Commander of the Allied Powers, the United Nations Command, the Government of Japan, and other foreign Governments on the assumption that the Treaty would be coming into effect by the first half of April. Many of these arrangements, such as agreements with foreign Governments on the termination of the Far Eastern Commission and the Allied Council for Japan; reductions in force by General Headquarters, Supreme Commander for the Allied Powers; turn back of responsibilities to the Japanese Government by the Supreme Commander for the Allied Powers; personnel arrangements; and other such actions, many of which it is impossible to reverse, have necessarily been in progress for some months past. A major delay in bringing the Treaty into effect will seriously interfere with these plans for an orderly transition from the present occupation status to peacetime relations with Japan. In this connection, it is essential that the Japanese Government and the Departments and Agencies of the United States Government concerned, and desirable that the foreign Governments concerned, be given not less than ten days, and preferably two weeks, advance notice of the firm date of coming into effect of the Treaty.

4. Urgent negotiations are now being carried on with the Japanese concerning the arrangements for Japanese support of the United Nations operations in Korea and for the presence in Japan of troops of United Nations countries other than the United States engaged in the Korean hostilities. There have been some indications that the Australian and New Zealand Governments may attempt to withhold deposit of their ratifications of the Treaty in an effort to bring pressure on the Japanese to accede in such arrangements to some provisions that are repugnant to the Japanese and considered undesirable by the United States Government. The United States Government is not in a position effectively to oppose these efforts until such time as it, itself, is clearly prepared to bring the Treaty into effect as far as it is concerned and thereby place upon the Australian and New Zealand Governments the full onus of any delay. Also, if the Japanese are aware that the United States is not in any event bringing the Treaty into effect for some time the present incentive to expedite the completion of negotiations of this agreement on terms satisfactory to the Unified Command is removed.

Therefore, I strongly recommend that a Joint Resolution extending your Emergency Powers for sixty days, as suggested in the last paragraph of the memorandum from the Director of the Bureau of the Budget enclosed with your memorandum,[3] immediately be sought from the Congress on a most urgent basis. I have discussed this matter with the Secretary of Defense and the Departments of State and Defense will be prepared to give all possible assistance in obtaining prompt and favorable action by the Congress in this regard.[4]

DEAN ACHESON

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[3] Not found attached to the President's memorandum. In a memorandum to the Secretary dated Apr. 3, Allison summarized it as follows:

"The memorandum from the Director of the Bureau of the Budget enclosed in the President's memorandum notes that the Emergency Powers Continuation Act is now in subcommittee of the Judiciary Committee of the House and that unless extraordinary measures are taken, at least three to four weeks will be required by the House to act on the legislation, following which at least a similar period of time will be required for consideration in the Senate. Therefore, if the Treaty of Peace with Japan is not to be brought into effect until normal legislative action is completed on the measure, it appears that the coming into effect of the Treaty may be delayed for at least several months."

Elsewhere in his memorandum Allison stated:

"As early as October, 1951 the Bureau of the Budget expressed to the Department the realization that enactment of legislation for continuation of the President's emergency powers would probably be required if those powers were to be continued into the post-treaty period. All such planning has been based on the assumption that the Treaty of Peace with Japan would be brought into effect not later than April of this year and at the time the question was first discussed in October of last year it was the understanding of the Department of State that the Bureau of the Budget was undertaking whatever arrangements it considered necessary." (694.001/4–152)

[4] In his memorandum of a conversation held Apr. 7 with Truman, Acheson stated that the President had approved the recommendation above and was that day sending requests to both Houses for enactment of the 60-day extension. The Secretary concluded: "We should be prepared to give all possible assistance to the pushing of these bills." (694.001/4–2752)

Extension of the Emergency Powers to June 1, 1952, was enacted in P.L. 313, a Joint Resolution approved on Apr. 14. For text, see 66 Stat. 54.

No. 549

611.94/4–752

Memorandum by the Assistant Secretary of State for Far Eastern Affairs (Allison) to the Secretary of State

TOP SECRET [WASHINGTON,] April 7, 1952.

Subject: State Department Interest and Participation in Matters Concerning Japanese Rearmament.

Problem

To assure that the Department of State is consulted by the agencies of the Department of Defense in Washington and in Tokyo regarding all important matters that concern Japanese rearmament. Such matters should include basic plans, general policies and important decisions. There should be no withholding of such information.

Discussion

Japanese rearmament is and will continue to be at least as much of a political problem as a military one, in as much as the development and expansion of Japanese military forces go to the very heart of Japan's future and explore the sensitive nerves of Japan's political life. By way of illustration there are the following matters regarding Japanese rearmament which raise critical political issues:

1. The very question of rearmament is an acute political issue in Japan since it involves the complicated question of constitutional amendment, alignment of political parties and basic Japanese foreign relations, particularly vis-à-vis the Soviet Union and the United States. Any action by us in this connection can create serious political repercussions in Japan. The nature and timing of an announcement of the letting of munitions contracts or of an intention to turn over heavy military equipment to the National Police Reserve could have a profound influence upon a Japanese domestic election, and could threaten the overthrow of the present Japanese Government.

2. The expansion of Japanese defense forces—ground, air and naval—creates an equally acute issue in international relations. Australia, New Zealand, the United Kingdom, France, the Philippines, and Indonesia have all expressed at various times their concern lest Japanese rearmament proceed too rapidly and Japanese militarism revive. Japan's relations with Korea will likewise be vitally affected by what is done to rearm Japan.

3. The construction of facilities in Japan from United States funds will affect the economic and social life of the Japanese people in many areas of Japan. The State Department should be fully informed, and should be consulted, regarding the size, location and timing of such construction. As a result of questions raised by the Bureau of the Budget, this problem is on the way to solution.

4. The allocation of Japanese funds either for the construction of United States facilities or for Japanese defense forces involves Japanese budgetary questions that affect other public activities in Japan as well as the general political issue of rearmament and expansion of the National Police Reserve. Relations between the Japanese and United States Governments on this particular question cannot be left solely to United States military channels.

5. The utilization of Japanese industrial resources for military and other purposes will be a complex arrangement of many interrelated factors. Competition for scarce materials and facilities as

well as the possibility of price rises owing to competitive bidding can seriously affect the Japanese economy.

The responsible military authorities in the United States Government are anxious to build up Japanese forces as a counterweight to Communist military strength in the Far East. There is a constant tendency on the part of American military officials to surge ahead on Japanese rearmament with little regard for its political impact. With all due respect to the important and cogent military requirements of the situation in the Far East and in Japan, the interests of the American people will benefit from close understanding between both Departments on this matter. Skillful handling of its explosive potential will be possible only with such understanding.

A Specific Issue

Telegram 2079 of April 1, 1952, from Tokyo (attached as Tab A) [1] describes a specific situation in this general field in which it is desirable that there be intervention by the Department of State, since there are important political implications to the actions now being taken by General Ridgway.

The Japanese budget for their fiscal year which began April 1 includes 57 billion yen for the National Police Reserve. It also appropriates 56 billion yen for undisclosed security objects. General Ridgway has been urging Prime Minister Yoshida to double the size of the National Police Reserve during this fiscal year and to use all of the 56 billion yen for that purpose. Yoshida is wary of the serious internal political problems involved in moving rapidly ahead with such an expansion program, and has never committed himself—at least publicly—to anything more than an increase from the present strength of 75,000 to a strength of 110,000. [2] This increase would not require all of the available funds, so he has proposed that some portion of the money be used to construct facilities into which United States troops could be moved as part of the program of relocation outside of major metropolitan centers. Probably as a means of blocking this suggestion, General Ridgway recently announced in Tokyo that the Japanese Government would not have to pay a cent for the relocation of United States troops.

In the meantime, the Department of Defense is endeavoring to secure the release of approximately $50,000,000 of this year's funds and the authorization of $80,000,000 in the Public Works Authori-

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[1] Not printed.

[2] In Topad 2079 Bond commented: "Jap tactics appear to be continue dodging CINCFE pressure in effort avoid any commitment prior effective date peace treaty. Thereafter, Japs presumably hope to be in a position deal only with Emb on this question as being policy matter outside scope CINCFE's responsibilities." (611.94/4-152)

zation Bill for the next fiscal year for the construction of new facilities in Japan. The new authorization would be added to a continuing authorization of $50,000,000 in this year's budget for which no appropriation has yet been made. We have informally told both Defense and the Bureau of the Budget that we are heartily in favor of the immediate release of the $50,000,000 and that subject to a review of the general scope and nature of the proposed program we would support the request for funds in fiscal year 1953. Arrangements have been made for such a review.

To the extent that the Japanese can construct facilities out of their own budgeted funds, the United States will be relieved of an item of expense. In addition, the political factors involved in Japan are so serious that too rapid an expansion of the National Police Reserve before the Liberal Party has had time to prepare the way might cause the downfall of the present government. Since the very presence of United States troops in Japan creates an incentive for the Japanese to move ahead with building up their own forces and thus rid Japan of foreign troops, it does not seem desirable to exert pressure upon them to move at a rate which they believe to be politically suicidal.

Recommendations

I recommend:

1. That you sign the attached letter (Tab B) [3] to the Secretary of Defense. It sets forth much of the foregoing material and urges consultation between representatives of State and Defense to determine a United States Government position on these matters prior to further discussion with the Japanese Government.

2. That in all discussions with the Department of Defense of related matters—for example, the relations between the Ambassador and the Commander-in-Chief, Far East, in the post-treaty period—the Department of State representatives consistently maintain the position that there must be complete consultation and coordination between the State and Defense Departments, both here and in Tokyo, on plans and policies with respect to Japanese rearmament. [4]

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[3] Not found attached.

[4] In the letter as sent by the Secretary to Lovett on Apr. 14 (drafted Apr. 8) there is a specific recommendation that a coordinating group be set up between the two Departments, with Allison as the chief State representative. (611.94/4–752) Additional documents in file 611.94 for May and June 1952 indicate that agreement was reached to establish a Joint State–Defense Working Group on Japan and Korea, with Young and Sullivan as the principal State and Defense representatives, respectively. The group held its first meeting on July 8, 1952. Minutes of meetings held through Jan. 7, 1953, are in NA files, lot 57 D 149, "Japan–Korea 1952: State Defense Working Group".

No. 550

693.941/4–752: Telegram

The Acting United States Political Adviser to SCAP (Bond) [1] *to the Department of State*

SECRET PRIORITY TOKYO, April 7, 1952—6 p.m.

Topad 2134. Re Taipei's 1264 to Dept rptd Tokyo 207, April 2; Mistel 2123, rptd Taipei 116, April 4, and Taipei's 1282, rptd Tokyo 213, April 5. [2] Ability Nationalist Govt obtain maximum concessions bilateral treaty and expeditious settlement understandable. However, Mission gravely concerned possible consequences of suggestions US put pressure on Japs. Jap press and public indifference Taipei talks thus far reflects general opinion Jap has little to gain from Taipei treaty since Nationalist China in their view only minor power and also has little to lose if negots fail since Yoshida letter and govt Diet commitments involve no implications beyond Formosa. Jap concern with overall China problem, however intense and any pressure to secure Jap concessions to Taipei especially on points related to Chinese mainland would produce severe reaction. Every opposition party has attacked various aspects govt decision negotiations Taipei even on present limited basis. Nor is there enthusiasm within Liberal Party for Taipei pact and only Prime Minister's personal prestige and authority have won grudging acceptance opening negotiations after critical Diet interpellations defining close limits Japanese opposition. Before independence attained and Korean war ended Japanese extreme unwilling prejudice future China policy by any appearance acknowledging Nationalist China sovereignty over mainland, a position in which they no doubt believe they can count on British support.

Regardless foregoing attitudes believe Yoshida govt sincere in its expressed desire conclude peace treaty with Chinese Nationalists on basis Yoshida letter. Iguchi has told me his govt strongly resents implication, which he attributes to "China lobby" that with US Senate ratification San Francisco peace treaty Japanese have ceased to care whether or not bilateral with Chinese Nationalists concluded.

Since general election due within nine months, situation cld become critical if govt compelled under foreign pressure exceed commitments to Diet on this unpopular issue. Recent resurgence independent spirit throughout Japanese society pronounced, and

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[1] Repeated for information to Taipei. Sebald left Tokyo on Mar. 18. On Apr. 25, he was appointed Ambassador to Burma.

[2] None printed. (693.941/4–252, 693.941/4–452, and 693.941/4–452, respectively)

Japanese can be expected react with pent-up feelings of six occupation years to deny protracted dictation for [*from*?] foreign powers. Japanese officials acceding such pressure wld be subject public condemnation. In current pre-election maneuvers, every party and candidate now endeavoring prove self "worthy of sovereignty." Thus any major instance govt yielding Japanese interests under foreign pressure cld also become decisive election factor.

Appreciation this danger plainly revealed in such developments as growing sensitivity FonOff to discuss Taipei negotiations with Mission, sudden Japanese stiffness in preliminary working group, advance re Commonwealth garrison conditions, and strong attitude toward Korean treaty.

US pressure on Japan to conclude Taipei pact on distasteful terms cld hardly be concealed successfully since issues already clearly known to public. Moreover, Japanese public alerted by Kyodo report at Taipei Mar 31 quoting "highly competent source" to effect US intervention probable if talks broken off. Also, notwithstanding denial, Japanese public regards even initiation Taipei talks as concession to US pressure, and wld attribute any unfavorable terms beyond previous Japanese Govt commitments to US intervention.

In viewing problem Taipei negotiations Mission fully aware necessity maintain integrity and cooperation Chinese Nationalist Govt as anti-Commie ally, especially in consideration China's UN seat. Believed, however, this situation must also be weighed against vital part US expects Japanese to play in consequence security treaty and administrative agreement. US still retains considerable political capital in Japan but many difficult issues involved in post-treaty security arrangements, plus such problems as future of democratic reforms, retention export controls and Korean problem, all competing for its expenditure and total may prove insufficient ensure satisfactory attainment all US objectives in Japan. If treaty with Taipei becomes symbol Japanese subjection foreign intervention in closing phase occupation, adverse Japanese public reaction will unquestionably prejudice future relations with US as well as important issue future Nationalist China-Japanese cooperation in security field.

BOND

No. 551

795.00/4-2952: Telegram

The Commander in Chief, Far East (Ridgway) to the Department of the Army

SECRET ROUTINE TOKYO, April 9, 1952—3:37 p.m.

C 66619. 1. With the early coming into force of the Peace Treaty and the changing status of Japan from that of an occupied country to that of a sovereign nation, I feel it incumbent upon me to present for your consideration my views on certain matters relating to US military policy in the Far East.

2. A. The most vital factor in the achievement of US objectives in the Orient is the continued maintenance of Japanese faith in our commitment to guarantee the essential security of Japan, until it is capable of assuming that responsibility of a sovereign state. During my service as SCAP I have several times heard influential Japanese express such deep concern over the possible lack of continuity of US intentions to protect Japan as to amount almost to fear. On each such occasion I have sought to impress upon the individuals concerned, and later upon the highest Japanese governmental authorities, the firm intention of the US to provide essential protection to Japan during that period when Japan is creating the essential forces to permit her to assume responsibility for her own defense. With the effectuation of the treaties it will, I think, become more than ever important to US interests that our long range intentions be made positive and clear, and that this be done from time to time so as to preclude the building up in the Japanese mind of any idea, however weakly founded, that we do not in fact intend to continue our protective shield over them until they can substitute one of their own. The factor of possible political pressure for economic advantage, in this expressed concern by Japanese, is of course recognized.

The Japanese, in common with other Oriental peoples outside the Soviet orbit, will be subject to steadily mounting internal and external pressures directed from the Kremlin. They will be ever mindful of their close proximity to a Communist dominated Asiatic mainland and ever alert to any indication of a weakening in our political or military policies toward them. Japanese response to US leadership will be predicated upon a constant realistic appraisal of US intentions and commitments on a positive and long range basis. What they think our intentions are, may be even more important than what these intentions actually are.

Therefore I suggest that at an appropriate time shortly after the coming into effect of the Security Pact, the Japanese be publicly and authoritatively reassured of our firm intentions. While such a statement should go far toward allaying any trepidation on the part of the Japanese, there must necessarily be continued concrete assistance toward the development of essential Japanese Security Forces, and continued insistence that Japan shall make proper and timely contribution thereto.

B. The programs for development of the security forces of Japan and Korea are closely interrelated and a proper and controlled balance must be maintained. US support and maintenance of ROK Military Forces, if unrelated to similar assistance to Japan, could have serious adverse effects on our relations with both governments, and consequently upon our Far East position. It may be that a bilateral security pact between Japan and the ROK, however infeasible at this time, could later eventuate, and even perhaps, at a still more distant date, be a prelude to a more encompassing Pacific security pact embracing the other free nations of the Orient. If so, then the interrelation of US programs for arming Chinese Nationalist and Southeast Asian forces likewise has important bearing, political as well as military, on our Japanese and ROK programs.

C. In due time Japan may be expected to seek membership in the UN. [1] That her people have an awareness of the responsibilities which such membership entails, and a desire to meet these responsibilities, has been adequately demonstrated both spiritually and materially. Despite subversive efforts intended to spread disunity in Japan there has been conspicuous accord if [*in*?] the manner in which the great majority of Japan's agricultural and industrial workers have thrown themselves behind the UN's war effort in Korea. Her churches and charitable institutions, from their own meager resources, responded immediately to alleviate conditions among war ravaged Korean families, and thousands of Japanese have given their blood for the care of our wounded. Japan's request for membership in the UN organization should, I think, be provided full US support. While realizing the objections to be overcome, our support would further provide positive proof to the Japanese as to which nations were friends and which enemies.

3. These views are submitted because of the imminent and unlamented demise of SCAP. Summarizing:

A. I consider it of signal importance that our government, as often as may be necessary, seek to reassure the Japanese people

[1] For documentation on this question, see vol. III, pp. 802 ff.

that our policy toward Japan will remain constant, and that our security interests in the Pacific are inseparable from their own.

B. We must be ever alert to the intimate relationship between the development of the Japanese and ROK security forces and the need for their joint alignment against a common foe. Moreover, the development of Chinese Nationalist and Southeast Asian military forces is in turn a closely related problem.

C. We must continue to press vigorously for completion of the desired expansion of Japanese security forces, and at substantially the rate now programmed.

D. Japan should receive strong US support in her endeavor to secure membership in the UN, including, I believe, an authoritative US government statement to that effect, published shortly following the effective date of the treaties. Even though membership should be long delayed, our support would emphasize the integrity of US intentions toward the Japanese people.

E. Finally, we must by word and deed do everything within our power to overcome any feeling in the Oriental mind that our interest in Asia is casual, temporary or overshadowed by our interests in other regions.

No. 552

694.001/4-1052

Memorandum by the Assistant Secretary of State for Far Eastern Affairs (Allison) to the Secretary of State

CONFIDENTIAL [WASHINGTON,] April 10, 1952.

Subject: Coming Into Effect of Japanese Peace Treaty

At your meeting with the President this morning it is recommended that, in view of the favorable action completed yesterday by the Congress on the extension of Emergency Powers and the necessity for the Department to be in a position to make an early announcement with regard to the bringing into effect of the Treaty of Peace with Japan, you suggest that he now sign the Instrument of Ratification and transmit it to the Department. Deposit of the ratification by the Department will not be effected until the date upon which it is determined that the Treaty can and should be brought into effect.

It now appears possible that by next Monday or Tuesday, April 14 or 15, it will be possible to give the minimum ten days notice of the date for bringing the Treaty into effect, which would thus be about April 24.

The situation as of this morning with regard to the deposits of ratifications of other key signatories is as follows:

1. The United Kingdom deposited its ratification on January 3.
2. Australia deposited its ratification this morning.
3. New Zealand is today expecting authorization to make the deposit of the ratification instrument which is now being held by the Embassy.
4. Canada—Parliamentary action was completed yesterday and the Embassy expects to receive the instrument of ratification together with instructions for its immediate deposit within the next few days.
5. Pakistan—The instrument of ratification has been dispatched to the Embassy and its receipt is expected within the next few days together with authorization for its immediate deposit.
6. Ceylon—The instrument of ratification has been transmitted to the Embassy and should be received very shortly together with authorization for its deposit.
7. France—Parliamentary procedures for ratification have been completed and the Embassy anticipates receiving the instrument of ratification together with authorization for its deposit during the course of the next week.

As the deposit of ratifications of only five of the above-mentioned countries, in addition to that of the United States, is necessary to bring the Treaty into effect, it now appears entirely reasonable to expect that the Treaty can be brought into effect during the month of April. [1]

If the President desires to sign the Instrument of Ratification, the documents required therefor will be completed and transmitted to him by the Department today.

You also may wish to mention to the President that the Department will be sending to the White House today or early tomorrow the papers for the transmittal by him to the Senate of the nomination of Mr. Robert Murphy as Ambassador to Japan.

It is also suggested that you recommend to the President that he sign the three Security Treaties, that is, with Japan, with the Philippines, and with Australia and New Zealand, so that action may be taken by the Department to bring these Treaties into effect at the appropriate time.

The timing of the bringing into effect of all of these Treaties will be carried out in consultation with the Department of Defense.

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[1] New Zealand deposited its ratification later on Apr. 10, Canada and Pakistan on Apr. 17, and France on Apr. 18.

No. 553

694.001/4–1052

Memorandum of Conversation, by the Secretary of State

CONFIDENTIAL [WASHINGTON,] April 10, 1952.

MEETING WITH THE PRESIDENT

Item 2. *Japanese Peace Treaty*

I went over with the President the material contained in Mr. Allison's memorandum of April 10. [1] The President agreed that the action taken by Congress extending emergency powers until June 1 was adequate for our present purposes. He authorized us to proceed in accordance with Mr. Allison's memorandum in concert with the Department of Defense. He said that he would sign the authorization to deposit the ratification when it reached him. He understands that on Monday or Tuesday [2] we will give the ten-day notice in the event that the requisite number of ratifications have been deposited so that he may bring the treaty into effect on the 24th or 25th of April. [3]

He also authorizes us to send over the nomination of Mr. Robert Murphy as Ambassador to Japan.

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[1] *Supra.*

[2] Apr. 14–15.

[3] President Truman signed the four Pacific treaties on Apr. 15, and his signature constituted U.S. ratification of each of them. For the President's statement released to the press that same day, see Department of State *Bulletin*, Apr. 28, 1952, p. 658. In a footnote to this text the Department explained that ratifications of the Japanese Peace Treaty had hitherto been deposited by four of the countries named in Article 23, including Japan, and that subject to the necessary and expected prior deposit of at least two more, the United States planned to deposit its own ratification on Apr. 28, thereby bringing the treaty into effect among all those countries whose ratifications had by then been deposited.

No. 554

693.941/4–1252: Telegram

The Chargé in the Republic of China (Rankin) to the Department of State [1]

SECRET TAIPEI, April 12, 1952—5 a.m.

1314. FonMin told me yesterday that lengthy memo handed him Apr 8 by Kawada, embodying latest Jap comments on bilateral

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[1] Repeated for information to Tokyo.

treaty, was satisfactory to FonOff except for minor points. He was so informing Generalissimo last night. "Minor" points involved questions of phraseology and matters related to entry sojourn fisheries and mining rights. FonMin thought all of these cld be resolved. In every case Chi Govt wishes adhere more closely to San Francisco text but is willing compromise on working within limits.

Wajima called yesterday and informed me he intends return to Tokyo Apr 15. He hopes and apparently expects to take back with him an agreed draft for consideration by Jap Cabinet. Latter wld involve about five days, due certain necessary procedures, after which two weeks needed to pass treaty through Diet. Wajima's latest info is that an American Treaty will become effective about Apr 25. He hoped Diet wld be able act on bilateral treaty before end of session early May.

Feeling in Chi Govt circles is that treaty again well on way and only serious hurdle is possibility Jap Govt "repudiating" its del as Chi consider happened on Mar 28.

RANKIN

No. 555

693.941/4-1452: Telegram

The Chargé in the Republic of China (Rankin) to the Department of State [1]

SECRET NIACT TAIPEI, April 14, 1952—11 a. m.

1315. In meeting between Chi and Jap dels treaty yesterday difference in wording scope of application clause as between second Chinese suggestion of Sept 26 (mytel 419, Sept 27) [2] and Yoshida letter to Dulles threatened create major stumbling block. Chi draft which apparently suggested phrasing in Yoshida letter (Deptel 531 Jan 17) refers to territories which are now and which may hereafter etc. Actual text of Yoshida letter, however, refers to territories which now or which etc.

In response to FonMin's query what Japs meant by "or" it became evident that Jap del was reading much into this choice of words re future of Formosa and possibly sovereignty over such islands as Kinmen [*Quemoy*].[3]

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[1] Repeated for information to Tokyo.

[2] See *Foreign Relations*, 1951, vol. VI, Part 1, p. 1362.

[3] In telegram 1316 from Taipei, Apr. 14, repeated to Tokyo, Rankin in part reported: "Further inquiry indicates Chi–Jap differences over wording of scope of treaty's application result from fact that both in Chi and Jap languages 'or' indicates degree

Continued

Urgently request Dept's interpretation above point. [4]

RANKIN

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of exclusivity which in English would be rendered 'neither—or [*nor*]'." (693.941/4-1452)

[4] In Topad 748 to Taipei, Apr. 14, repeated to Tokyo, drafted in CA and cleared in NA and FE, the Department referred the Embassy to telegram 579 (Document 502) and stated; "Dept does not believe that difference opinion over use word 'and' or 'or' should be any 'stumbling block'." (693.941/4-1452) However, in telegram 230 from Taipei to Tokyo, Apr. 15, repeated to the Department as telegram 1319, Rankin reported that the Japanese Delegation had indicated it would accept the Chinese position in the matter and that Yeh therefore did not want the position taken in Topad 748 conveyed to the Japanese Government. (693.941/4-1552)

No. 556

693.941/4-1952: Telegram

The Chargé in the Republic of China (Rankin) to the Department of State [1]

SECRET TAIPEI, April 19, 1952—11 a.m.

1334. Last night Foreign Minister confirmed to me reports mytel 1331, April 18, Tokyo 237, [2] Kawada has not communicated with him again but sent junior staff member Nagata to call on Chinese Vice Foreign Minister Hu at his residence. Nagata left taxi at distance from house and came on foot as he said to avoid reporters. He indicated Kawada thought Tokyo had let him down again and was greatly discouraged. Not only had Japanese FonOff refused accept Kawada's recommendation re scope application and property of collaborationist regimes but had also raised about five additional points which everyone here assumed settled.

Foreign Minister himself expressed discouragement. Although he did not advance it as his view, he indicated there was speculation in Chinese official circles whether latest development reflects shift Japanese govt position due (1) imminent coming into force San Francisco treaty, (2) possibility early armistice Korea (3) prospects trade with Chinese Communists encouraged by Moscow economic conference.

Foreign Minister further commented he understood cliques to exist in Japanese FonOff. Kawada as personal friend Yoshida re-

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[1] Repeated for information to Tokyo.

[2] In this telegram the Embassy reported that negotiators for the Republic of China and for Japan had on Apr. 16 tentatively reached agreement on treaty terms but that Kawada had received new instructions which appeared to jeopardize the conclusion of a treaty. (693.941/4-1852)

portedly disapproved of by professional level in FonOff. He thought this might explain some of current difficulties.

RANKIN

No. 557

NA files, lot 54 D 198

Memorandum by the Secretary of State and the Secretary of Defense (Lovett) to the President

SECRET WASHINGTON, April 22, 1952.

Subject: Future Relationships Between the Chiefs of the United States Diplomatic Mission in Japan and the Commander-in-Chief, Far East.

1. Attached as Tab A is a draft memorandum for your approval containing the principles to govern the relationships between the Chief of the United States Diplomatic Mission in Japan and the Commander-in-Chief, Far East, after the Treaty of Peace with Japan and the United States–Japan Security Treaty have come into force. In brief, these principles provide that the Chief of the Diplomatic Mission, as your representative and acting on your behalf, shall be responsible for all governmental relations in Japan between the United States and Japan, that the Commander-in-Chief, Far East, may deal directly with appropriate representatives of the Japanese Government on military matters, and that all necessary steps shall be taken to ensure concordance and the exchange of necessary information between them.

2. Except with respect to military assistance activities, the principles stated in the attached draft memorandum are in general comparable to those which govern the relationship between United States ambassadors and United States military commanders elsewhere in the world.

3. The nature of the procedures provided for dealing with matters connected with military assistance to Japan was determined by the following factors:

(a) Our relations with Japan bear a special importance for all of our policy objectives in the Far East; consequently, the closest coordination of the political, economic, and military aspects of these relations is required.

(b) In the immediate future Japan's security will depend to a large extent on United States military forces.

(c) Since it has been considered undesirable to make public before the effective date of the Treaty of Peace the nature and extent of our plans for military assistance to Japan, there is no provision for such assistance in the Mutual Security Act of 1951 or

in the program for fiscal year 1953. Funds for this purpose have been included in the Department of Defense budget.

(d) In accordance with the Interim Directive which you approved on February 20, 1952, the Commander-in-Chief, Far East is responsible for the participation of the United States in the joint committee provided by Article XXVI of the Administrative Agreement between the United States and Japan.

4. The Departments of State and Defense have consulted together extensively and have carefully worked out the principles in the attached memorandum. Both Departments are in full accord in this matter.

5. It is important that the relationships between the Chief of Diplomatic Mission in Japan and the Commander-in-Chief, Far East be established by the time the Treaty of Peace with Japan and the Security Treaty with Japan and the United States have come into force.

6. It is recommended that you approve the attached memorandum.

DEAN ACHESON ROBERT A. LOVETT

[Attachment]

MEMORANDUM BY THE PRESIDENT [1]

Subject: Principles Governing the Relationships Between the Chief of the United States Diplomatic Mission in Japan and the Commander-in-Chief, Far East, in the Post-Treaty Period

1. On the recommendation of the Secretaries of State and Defense, I have approved the following principles to govern the relationships between the Chief of the Diplomatic Mission in Japan and the Commander-in-Chief, Far East, after the Treaty of Peace with Japan and the Security Treaty between the United States and Japan have come into force.

a. The Chief of the Diplomatic Mission to Japan, as the representative of the President and acting on his behalf, shall be responsible under the immediate supervision of the Secretary of State for all governmental relations in Japan between the United States and Japan, and shall exercise the appropriate functions of a chief of Diplomatic Mission.

b. The Commander-in-Chief, Far East, shall take precedence among United States representatives in Japan immediately after

[1] President Truman signed this memorandum on Apr. 23 and transmitted it to General Bradley on Apr. 24 under a brief covering memorandum. (NA files, lot 54 D 199)

the Chief of the United States Diplomatic Mission, but shall not be subordinate to him in the performance of his military duties.

c. Except as indicated herein, the Commander-in-Chief shall be governed by only such orders and instructions as are officially transmitted to him by the Joint Chiefs of Staff, by their authorized agent, or by superior authority in the direct chain of military command within the United States Government.

d. The Commander-in-Chief, Far East, is authorized to administer and to deal directly with appropriate representatives of the Japanese Government with respect to:

(1) All military matters in implementation of agreements reached between the United States and Japan, including matters affecting the security of the Commander-in-Chief's Forces, the defense of Japan, and, to the extent provided by such agreements between the United States and Japan, the command and deployment of Japanese forces and combined strategic planning.

(2) The participation of the United States in the Joint Committee provided by Article XXVI of the Administrative Agreement between the United States and Japan, including the designation of the United States representative and staff of the Committee and the conduct of negotiations. The Commander-in-Chief, Far East, will keep the United States Government informed of discussions in the Joint Committee by periodic reports to the Joint Chiefs of Staff. The Commander-in-Chief, Far East, will keep the United States Ambassador informed at all times of the status of negotiations in the Joint Committee. The United States Ambassador will furnish political advice to the Commander-in-Chief, Far East, on matters before the Joint Committee and will designate a political officer to work with the United States section of the Joint Committee. Directives will be issued to the Commander-in-Chief, Far East, by the Joint Chiefs of Staff on matters arising in the Joint Committee requiring such directives.

e. With respect to United States military assistance to Japan, the Commander-in-Chief is authorized to administer and to deal directly with appropriate representatives of the Japanese Government on all military aspects of such assistance, including organization, training, and equipping of Japanese forces, to the extent provided by and within the terms of any intergovernmental arrangements between the United States and Japan.

f. The Chief of the United States Diplomatic Mission and the Commander-in-Chief shall take all necessary steps to ensure concordance and the exchange of necessary information between them on matters which lie within the sphere of responsibility of each that may affect the other. If a difference arises between them over policy affecting military matters, (including matters of military assistance) the question shall be referred by them to the Department of State, and through the Joint Chiefs of Staff to the Department of Defense, respectively, for resolution, and action shall be withheld in the meantime. However, in the event of an emergency affecting the security of his Forces, or the imminent threat of such an emer-

gency, the Commander-in-Chief may take whatever action he considers essential to safeguard the security of his Forces.

HARRY S. TRUMAN

APRIL 23, 1952.

No. 558

693.941/4-2252: Telegram

The Chargé in the Republic of China (Rankin) to the Department of State [1]

SECRET TAIPEI, April 22, 1952—11 a.m.

1344. Director Treaty Dept FonOff, informed Emb officer today that Jap del at informal meeting Sat afternoon presented revisions draft treaty text proposed by Jap Govt. Kawada at same time explained del feared revisions unacceptable to Chi Govt and had already wired Tokyo asking Jap Govt reconsider. Reply was to present proposal as originally instructed.

Japs asked that:

1. Word "or" be retained in scope application formula in exchange of notes (Embtel 1315 April 14, Tokyo 227), but permit Chi del in agreed minutes state that "or which" might be interpreted as "and which". Jap del wld simply take note of Chi del statement.

2. Clauses relating property of collaborationist regimes and property Jap Dip and Consular estabs set up under these regimes shld be covered in statement by Chi del to be placed in agreed minutes. Jap del did reply: "I take note of your statement. I believe that these questions shld be made the subj of arrangement when they have come up as actual issues fol the future development of the situation."

Chi FonMin rejected Jap suggestions on both counts and insisted on return to text dels agreed upon Apr 16.

Dir Treaty Dept believed difficult for Chi Govt change position re collaborationist property in Jap, since Chi Govt's legal position toward sovereignty over mainland might be impaired. Use of word "and" in scope application clause was Generalissimo's own in original Chi suggestion. As such he felt wld be difficult get Generalissimo change, especially view different tone conveyed by use Chi Huo (Mathews 2402) [2] instead Chi (Mathews 468). However, FonMin

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[1] Repeated for information to Tokyo.

[2] R. H. Mathews, *Mathews' Chinese-English Dictionary* (China Inland Mission, 1931; rev. ed., Cambridge, Harvard University Press, 1943). The revised edition retains the original pagination.

later informed me he probably would accept Jap position on first numbered point above if second question cld be resolved.

No further meetings planned pending Jap del receipt message Tokyo's reaction Chi rejection proposed revisions.

RANKIN

No. 559

693.94/4-1952:Telegram

The Secretary of State to the Office of the United States Political Adviser to SCAP (Sebald) [1]

SECRET
PRIORITY

WASHINGTON, April 23, 1952—6 p.m.

Topad 2847. Re Taipei's 1334 rptd info Tokyo 239. [2] Dept concerned that for second time Jap FonOff has failed support its del Taipei after it had apparently reached agreement on treaty with Chi. Chi report that Jap FonOff has raised 5 additional pts which if true seems represent deliberate Jap effort delay conclusion treaty. In view fact agreement apparently reached by Jap and Chi dels on basis Jap memo handed to Chi FonMin Apr 8 (Taipei's 1314 rptd 226 to Tokyo) [3] if not understood why additional pts now raised by Japs.

You are requested call on FonOff soonest ascertain present status negots. You shld pt out to FonOff desirability concluded negots with Chi prior to date SF treaty comes into effect, otherwise Chi like Sovs may well endeavor to embarrass US and Jap by attempts to extend occupation organs beyond that date. Having progressed thus far with major issues settled negots shld not be stalled now over minor pts especially as further delay conclusion treaty may indirectly play into Sov hands. Also Sen Fon Rel Comite still concerned re lack of Chi-Jap agreement which was understood to be in offing at time of Sen approval of Treaty of Peace.

FYI Allison is calling in Takeuchi also to discuss matter along foregoing lines. [4]

ACHESON

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[1] Drafted in CA by Martin and in FE by Johnson; cleared in NA; and repeated to Taipei.

[2] Document 556.

[3] Document 554.

[4] In Topad 2295 from Tokyo, Apr. 25, Bond reported that he had talked with Wajima on the basis of telegram 2847. Wajima had then put forth the Japanese position on the various issues involved in the negotiations. "Re question US interest in Taipei talks, Wajima stated frankly JG has from outset been concerned lest Diet gain impression US in any way limiting Jap freedom of action in these negots. He added he had for this reason urged Jap correspondents in Taipei play down US participation." (693.941/4-2552)

No. 560

693.941/4-2452: Telegram

The Secretary of State to the Office of the United States Political Adviser to SCAP (Sebald) [1]

SECRET
PRIORITY

WASHINGTON, April 24, 1952—7:14 p.m.

Topad 2866. Re Deptel 2847 rptd info Taipei 769. [2] Today Allison discussed matter with Takeuchi along lines of reftel. Asked him immed convey his govt gen concern of US Govt over further delay in reaching agreement on treaty with Chi. Pointed out US not taking position on particular details.

Takeuchi stated just recd detailed explanation from his govt of negots which left him with impression that negots in delicate stage. Asked assurances that Chi wld not be informed in any manner of US action in this matter and indicated that any publicity wld be most unfortunate. Allison agreed.

Accordingly request that steps be taken to assure that there be no publicity on steps US govt has taken in this respect and that particular care be taken to prevent Chi Govt from learning of US discussions in Tokyo and Wash with Japs. Will inform Mission any significant developments. [3]

ACHESON

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[1] Drafted by Young; cleared in CA; and repeated to Taipei.

[2] *Supra.*

[3] In telegram 1370 from Taipei, Apr. 28, repeated to Tokyo, the Chargé reported: "FonMin Yeh informed me Apr 27 p.m. he wld suggest to Pres Chiang Chi Govt accept latest Jap proposals (substantially same as reported in Embtel 1344 Apr 22 to Tokyo 242) as they differed only slightly from Chi counter proposals. Taipei morning papers today headline signing of peace treaty Apr 28 at 3 p.m. FonOff confirms signing will take place at 3 p.m. today which press points out will be 7 1/2 hours before SF treaty becomes effective in Tokyo." (693.941/4-2852) For telegram 1344, see Document 558.

For text of the Treaty of Peace between the Republic of China and Japan, with Protocol, Exchange of Notes, and Agreed Minutes, see *United Nations Treaty Series* (UNTS), vol. 138, 1952, p. 3.

No. 561

795.00/4-2952:Telegram

The Supreme Commander, Allied Powers (Ridgway) to the Department of the Army

RESTRICTED
PRIORITY

TOKYO, April 25, 1952—11:12 a.m.

C 67454. A. Following receipt of notification of the termination of the post of Supreme Commander for the Allied Powers which I have held by authority of the President since 11 April 1951, I have issued orders eff 2230 hours 28 April 1952, for the inactivation of Gen Hqs, Supreme Commander for the Allied Powers, and all its appointive agency. Admin disposition of records and property and release of remaining assigned personnel will proceed with dispatch.

B. In closing this historic operation I wish to express my sincere gratitude to the DA, the JCS, and the Secretary of Defense for their unfailing support and guidance throughout my tenure of office. I also take this opportunity to commend the many men and women, military and civilian, who have served in the occupation of Japan. By their integrity, loyalty, devotion to dy and exemplary conduct, they have helped to write a unique chapter in the annals of the US military establishment and in the history of US Foreign Relations. In so doing, they have helped to establish a firm foundation for a structure of enduring friendship and cooperation between the peoples of Japan and the US.

C. In case parts of this message are to be used in Wash ceremony, for your info Tokyo release of related actions will be at 28 April, 1400I.

No. 562

693.941/4-2652

The First Secretary of the Mission in Japan (Steeves) to the Department of State

RESTRICTED
No. 1459

TOKYO, April 26, 1952.

Subject: Observations on Foreign Policy and the Administrative Agreement by Kumao Nishimura

There is enclosed for the Department's information a generally self-explanatory Memorandum of Conversation between Mr. Kumao Nishimura, Chief of the Treaty Bureau of Ministry of For-

eign Affairs, and Mr. R. B. Finn of the Mission. The Mission suggests the following specific comments regarding the enclosed memorandum:

1. Mr. Nishimura indicated his feeling that Japan was going too far toward meeting the position of the National Government of China in the present negotiations and said he had been overruled at least once by the Prime Minister. There have been reports in the press to the effect that certain high officials of the Foreign Office are split in their views as to how far Japan should go in dealing with National China and that Mr. Nishimura was the leader of the "go slow" group. Mr. Nishimura's statements reported in the enclosed memorandum may be evidence in support of these press reports, although he indicated that Japan desires to conclude an agreement with National China.

2. The remarks attributed to Prime Minister Yoshida to the effect that Japan might be able to assist the United States in dealing with Far Eastern problems appear to be a reiteration of the Prime Minister's view that Japan knows more about China than does the United States. It would appear probable that the Prime Minister has not abandoned his idea that Japan should engage in some limited relations with Communist China, possibly to serve as a "fifth column" on behalf of the democracies.

3. Mr. Nishimura's remarks about the more favorable impression of the Administrative Agreement being received by the Japanese appear to conform with the optimistic view he has several times expressed to the effect that once Japanese people understood the Agreement and the intentions of the United States, criticism and resentment would largely subside. At the time the Agreement was being negotiated, Mr. Nishimura expressed the opinion that dissatisfaction then being voiced in the press would disappear once the Agreement was made public, an opinion that was not justified by the reception accorded the Agreement on its publication.

4. Mr. Nishimura's comment that depurgees feel resentment toward the United States because of their purge is considered to foreshadow a significant problem in future Japanese relations with the United States, although the future importance of the purgees and the extent of their anti-Americanism are not presently foreseeable.

JOHN M. STEEVES

[Enclosure]

Memorandum of Conversation, by the Second Secretary of the Mission in Japan (Finn)

RESTRICTED TOKYO, April 23, 1952.

Subject: Diplomatic Problems Faced by Japan; Administrative Agreement

Participants: Mr. Kumao Nishimura, Chief of Treaty Bureau, Ministry of Foreign Affairs
Mr. R. B. Finn, Second Secretary of Mission

In an informal conversation on April 22 the following matters of possible interest were discussed.

1. *Relations with China.* Mr. Nishimura said that on April 22 Prime Minister Yoshida, Minister of State Okazaki, and he had discussed the negotiations now taking place in Taipei. The Prime Minister and Mr. Okazaki decided that Japan should attempt by statements in the Official Minutes to meet the position of the National Government regarding the scope of application of the proposed treaty, despite Mr. Nishimura's objection that Japan was going too far to meet the Chinese position. He also said that Chinese representatives were concerned that the wording of the clause on the treaty's scope of application ("territories now *or* hereafter under control of National Government") might raise an inference that National China's claim to Formosa could be subject to some form of United Nations control depending on future developments.

Regarding the Yoshida letter of December 24 to Mr. Dulles, Mr. Nishimura said that the Prime Minister had been strongly impressed by his discussion of the China problem at San Francisco with Secretary of State Acheson, [1] who had advised Japan not to be "hasty" in making its decision about a peace settlement with China. Mr. Yoshida had therefore been "very much vexed" by later developments in United States policy and by the position taken by Mr. Dulles, who had been present at the conversation in San Francisco.

Mr. Nishimura indicated, however, that Japan was fully prepared to make strenuous efforts to reach agreement with National China. Mr. Nishimura also said the Prime Minister was extremely interested in United States Far Eastern policy and had many times expressed the view that Japan, as an old nation familiar with the Far East, could assist and even guide the United States, which is inexperienced in foreign policy and has got itself in a "circle" on the China question.

2. *Relations with Korea.* Regarding the present negotiations, Mr. Nishimura observed that the issues raised by the property claims of the two Governments were so complicated that months would be required to settle them. I asked whether the Japanese Government actually expected that it would recover any of its property in Korea, private or public, and Mr. Nishimura said no and added

[1] For a memorandum by Sebald of a conversation held at San Francisco on Sept. 3, 1951, between the Prime Minister and Secretary Acheson, Dulles, and other American officials, see *Foreign Relations*, 1951, vol. VI, Part 1, p. 1315.

that the Japanese position was designed largely to protect Japan against the excessive claims being made by Korea to property in Japan. I asked how Mr. Nishimura thought the problem would be solved and he said that eventually the Japanese expected a reciprocal waiver of claims and were attempting to maneuver the Koreans into a position where the Koreans would make this proposal. I asked whether the Japanese expected the Koreans to waive their claims to allegedly looted cultural objects, postal savings accounts, wages due conscript labor, and items of that sort, and Mr. Nishimura replied that Japan hoped to include these items in any reciprocal waiver of claims since the amounts claimed by Korea would probably be very high.

I commented that it was desirable for Japan and Korea to have some legal basis for diplomatic relations upon the coming into force of the Peace Treaty. Mr. Nishimura said that within a few days Japan would propose to the Koreans that notes be exchanged providing for establishment of diplomatic relations; I inferred the Japanese proposal would be made without prejudice to the present discussions. Mr. Nishimura felt that United States assistance in gaining Korean acceptance of this proposal might be sought.

By way of comment, Mr. Nishimura said he thought the San Francisco Treaty was defective in the treatment accorded Japanese external assets, although he agreed with my observation that some such solution as Article XIV, A,2, was necessary in view of the watered-down reparations provisions of the Treaty. Mr. Nishimura also said President Rhee's view that Japan's control of Korea from 1910 to 1945 was illegal and all acts thereunder null and void posed a serious obstacle to resolution of problems between the two countries and he indicated that he was pessimistic concerning their good relations while President Rhee remains in office.

3. *Diplomatic Relations with Other Countries.* Mr. Nishimura said the Japanese Government was gratified and encouraged by the cordiality attending its negotiations with a number of other countries for resumption of diplomatic relations. He said this was particularly so in respect to India, with whom relations will be established on April 28 pursuant to exchanges of notes. Similarly, arrangements have been made with Spain, Portugal, Italy, Norway, Denmark, Yugoslavia, and apparently several other countries. In the case of the Philippines and Indonesia Japan has proposed that diplomatic relations be resumed on April 28; this proposal will probably be accepted by Indonesia and possibly by the Philippines, despite the failure of both countries to ratify the Peace Treaty, although there is considerable concern in Manila lest the Philippine Senate consider its constitutional prerogatives to be involved. Diplomatic relations with the Netherlands will also be resumed on

April 28 by an exchange of notes, although the Netherlands has not yet ratified the Peace Treaty.

In regard to the Soviet Union Mr. Nishimura said the Japanese Government intended to follow closely the policy to be declared or otherwise adopted by the United States in respect to official Soviet activity in Japan. I got the impression that the Japanese do not contemplate issuing any strong statement or taking any strong measures in this regard. Mr. Nishimura also said that a Soviet vessel is expected to arrive at a Japanese port on or shortly after April 28 and that the problem of how to treat its passengers and cargo is now under consideration by the Foreign Office, added emphasis being given to this matter since this will be the first test of post-treaty Japanese-Soviet relations.

4. *Administrative Agreement.* I asked Mr. Nishimura whether in his opinion the Japanese attitude toward the Administrative Agreement and the security arrangements with the United States would prove to be a serious obstacle to good relations between the two countries. He said no and that he felt the Japanese were already gaining a favorable impression of United States intentions, particularly as a result of the accomplishments of the Preliminary Working Group and the understanding attitude of the American representatives in the Group. He expects that future steps to implement the Administrative Agreement will further the good impression already made. I observed that a number of Japanese critics, such as Professors Kisaburo Yokota and Hikomatsu Kawakami, had made sharp attacks on legal points in the Agreement and had gone unchallenged, and I inquired whether the Japanese Government might in some way attempt to present a more balanced picture to the Japanese public. Mr. Nishimura said the Government was aware of the need for fuller information on the Agreement and that it was planned to issue a pamphlet on April 28 explaining the Agreement and refuting some of the legal criticisms made against it.

I asked whether Mr. Nishimura felt there had been in connection with the Administrative Agreement any significant development of anti-American feeling in Japan and commented that such a development together with a possible truce in Korea might seriously weaken the desire of many Japanese to cooperate wholeheartedly in the security arrangements with the United States. Mr. Nishimura said he thought a truce in Korea would undoubtedly lead many Japanese to believe that the threat to Japan's security, together with the need for American forces in Japan, was largely ended and that this situation would pose serious problems in the conduct of Japan's foreign policy. He also said that depurgees were showing marked antipathy toward the United States and he men-

tioned Professor Kawakami, Mamoru Shigemitsu, and former Foreign Minister Hachiro Arita [2] in this category. He said the latter two had several times told Foreign Office officials and the Prime Minister that Japan was following an unduly pro-American policy and that this was undesirable for Japan. Mr. Nishimura observed that most purgees could not help being anti-American as an expression of resentment over their treatment under the Occupation.

R. B. FINN

[2] Arita had been Foreign Minister several times. His last tenure had been January–July 1940.

No. 563

Editorial Note

On April 28, in a ceremony held at the Department of State, the United States deposited there its instrument of ratification of the Japanese Peace Treaty, thereby bringing the treaty into force between Japan and Argentina, Australia, Canada, France, Mexico, New Zealand, Pakistan, the United Kingdom, and the United States.

Immediately after the deposit of ratification, Ryuji Takeuchi, hitherto Chief of the Japanese Government Overseas Agency in Washington, presented his credentials to Secretary Acheson as Chargé d'Affaires of Japan. Ratification of the United States–Japan Security Treaty were then exchanged, bringing that treaty also into effect.

According to the Department's press release, dated April 28, both treaties were deemed to have gone into effect at 9:30 a.m. EST. For text of this release, with explanatory notes, see Department of State *Bulletin*, May 5, 1952, page 687.

For text of President Truman's proclamation of the Peace Treaty and of the termination of the state of war with Japan, dated April 28, see *ibid.*, page 689. A statement by Prime Minister Yoshida, read at the ceremony by Takeuchi, is *ibid.*, page 688. Dulles' statement dated April 28 is *ibid.*

Text of Allison's address, "A New Approach to Treaty Making", made before the American Society of International Law in Washington on April 24, is *ibid.*, page 689.

With the coming into force of the Peace Treaty both the office and the organization of SCAP came to an end, and the United States Embassy in Japan was reestablished. Ambassador Murphy,

who had received his formal appointment on April 18, assumed charge. He presented his letter of credence on May 9.

No. 564

694.95B1/4-2852

Memorandum by the Assistant Secretary of State for Far Eastern Affairs (Allison) to the Secretary of State [1]

CONFIDENTIAL [WASHINGTON,] April 28, 1952.

Subject: Forthcoming Interview with the Korean Ambassador, Dr. Yu Chan Yang.

Dr. Yu Chan Yang, the Korean Ambassador, has recently returned from Tokyo, where he has been head of the Korean delegation to negotiate a Treaty of Friendship with the Japanese Government.[2] Dr. Yang has requested an appointment with you on April 29, at which time it is expected that he will wish to discuss the progress of these negotiations.

Preliminary discussions looking toward the negotiation of a Korean-Japanese Treaty of Friendship were opened at Tokyo on October 20, 1951, under the exercise of good offices by SCAP, who furnished an observer.[3]

Formal negotiations were commenced at Tokyo on February 15, 1952, on the basis of the following agenda:

1. Establishment of diplomatic relations.
2. Status of residents in Japan of Korean ancestry.
3. Settlement of claims between Korea and Japan.
4. Fishing rights.
5. Transfer of marine cables.
6. Establishment of a basis for subsequent negotiation of a Treaty of Commerce and Navigation.

The formal negotiations have been conducted without the presence of an American observer. Initial progress was fairly smooth and agreement was achieved on items 1 and 2 of the agenda without undue difficulty. With respect to items 3 and 4, however, increasingly serious disagreement has developed.

With regard to claims, the Japanese having offered monetary settlement or settlement-in-kind for vessels having Korean registry as of August 9, 1945 in an amount of one billion yen. The Koreans

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[1] Drafted by Arthur B. Emmons, III, Acting Officer in Charge of Korean Affairs.

[2] The negotiations had been suspended on Apr. 25.

[3] For a summary of this phase of the talks, see Emmons' memorandum of a conversation held on Dec. 12, 1951, between Ambassador Yang and Allison, in *Foreign Relations*, 1951, vol. VII, Part 1, p. 1311.

have not as yet formally accepted this offer. The Korean delegation has put forward a demand for the liquidated assets of branch properties in Japan of former Japanese-owned corporations having headquarters in Korea, on the ground that such assets were vested under United States Military Government Ordinance 33 to be turned over to the Korean Government. The Japanese have introduced what can be considered in the nature of a counter-claim for private Japanese property in Korea, which the Koreans regard as renounced by the Treaty of Peace with Japan.

Formally, the claims issue turns on the construction of Article 4 of the multilateral Treaty of Peace, (Tab A).[4] Article 4 (a) provides that the disposition of property and claims between Japan and authorities administering renounced territories shall be the subject of special arrangements between Japan and such authorities, subject, however, to paragraph 4(b). By paragraph 4(b), Japan recognizes the validity of dispositions of Japanese property made by or pursuant to United States Military Government directives. In the Department's opinion, the Japanese are precluded from asserting claims to property in Korea, but are entitled to have the loss of such property taken into account in connection with the special arrangements contemplated by paragraph 4(a). Also, the Department has taken the position that the property in Japan of Korean corporations which were beneficially Japanese-owned was not within the jurisdiction of the United States Military Government in Korea and has not become the property of the Republic of Korea. Hence, with minor exceptions the mutual waiver of claims would appear to be an equitable solution.

The Koreans, however, have insisted upon the unilateral withdrawal of the Japanese claims before proceeding further with the negotiations. By letter, dated March 25, 1952, Dr. Yang requested an interpretation by the Department of Article 4(b) of the Treaty, to assist the refutation of Japanese claims. A reply has been prepared which supports the Korean position but goes on to indicate that the loss of Japanese property in Korea is relevant to the consideration of Korean claims under paragraph 4(a). Copies of this exchange of correspondence are attached for reference (Tab B).[5]

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[4] Not printed.

[5] Not printed. The draft U.S. reply reads in part:

"The United States is of the opinion that by virtue of Article 4(b) of the Treaty of Peace with Japan and the relevant directives and acts of the United States Military Government in Korea all right, title and interest of Japan and of Japanese nationals in property within the jurisdiction of the Republic of Korea have been divested. Accordingly, in the opinion of the United States, valid claim to such assets or to an interest therein cannot be asserted by Japan. The disposition of such assets, which Japan has recognized as valid in Article 4(b) of the Treaty, is relevant, however, in

Continued

The fisheries question has also been a matter of great contention. The Korean position was initially that the so-called MacArthur Line established by SCAP, limiting the area in which Japanese fishing boats could operate, should be written into the Japanese Peace Treaty. The United States did not acquiesce in this request and the Line has now been abolished. The Korean Government then issued a unilateral declaration purporting to establish Korean jurisdiction over extensive high seas areas surrounding the peninsula for fishing control purposes.[6] This declaration has received no support either from the United States or other foreign nations.

We have urged upon both sides the desirability of negotiating a fisheries agreement based upon the principle of conversation and not upon an attempt to delimit high seas areas from which fishermen of either nation should be excluded. In so doing, it has been pointed out that fishing treaties which have recently been negotiated by the United States are based upon the conservation principle. The United States-Japanese-Canadian Treaty is an example. Furthermore, the Japanese Government presumably would be willing to follow the conservation principle in the current negotiations with Korea and, in fact, has now expressed willingness for the present unilaterally to restrict fishing operations of its nationals in waters of mutual Japanese-Korean concern in accordance with this principle. The Japanese are also willing to defer the fisheries issue for later negotiation apart from the treaty.

In general, the negotiations on each side have been marked by suspicion and by recrimination. One of the major problems is, of course, the natural Korean distrust of the Japanese, and the Koreans are most concerned over any claims from this powerful neighbor which they consider to be extravagant. Much of this acrimony unfortunately has been aired in the press or in public statements, particularly on the part of Korean officials including the President, the Foreign Minister, and even Dr. Yang himself, as head of the Korean delegation (Tab C).[7] The effect of this has been to create an

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the opinion of the United States, in the consideration of the arrangements contemplated by Article 4(a) of the Treaty."

The note was delivered without change on Apr. 29. (See the memorandum of conversation, *infra.)*

In a memorandum to Johnson dated Apr. 17, McClurkin had in part stated: "The Mission at Tokyo has informed us that they believe the Japanese claims are largely for bargaining purposes to counter the Korean claims and that they have, several times, informed representatives of the Japanese Foreign Office of the inadvisability of making such claims and thus exacerbating Korean-Japanese relations." (694.95B1/4-1252)

[6] The boundary of this area became known as the "Rhee Line".

[7] Not found attached.

emotional atmosphere in which it has been increasingly difficult to reach any compromise solution.

Officers of the Department have on frequent occasions attempted to dissuade the Korean Government through its Embassy in Washington from these outbursts, but with little success. As a matter of policy, we have instructed our missions in Tokyo and Pusan to use their good offices informally with each side in an effort to moderate the differences which have arisen and to assist in the conclusion of an equitable treaty. At the same time, however, it has been considered unwise for the United States to intervene openly in the negotiations, despite Korean anxiety that we do so, since it is believed that if the treaty is to have permanent value its terms must be arrived at through independent negotiation, free from outside pressure on either Government.

The Department has recommended to our missions in both countries that they suggest to the respective governments the holding in abevance of the claims and fisheries issues for later negotiation, and the prompt conclusion of a treaty disposing of the remaining issues, most of which have now been resolved. It is important in the interests of the stability of the Pacific area that Korea and Japan take this major step forward in developing a sound and friendly relationship.

Recommendations

In your discussion with Dr. Yang, it is recommended that:

(1) You stress the vital importance both to Korea and to the stability of the Far East of the early conclusion of a treaty which places Korean-Japanese relations on a sound and equitable basis.

(2) You point out the necessity for a certain degree of flexibility and willingness to compromise on each side, and the importance of continuing the negotiations in an atmosphere of greater understanding. Dr. Yang's attention might be called in a forceful manner to the great damage which intemperate statements on his part and on the part of other high officials of his government are causing to any prospects for the satisfactory conclusion of this important treaty, and he might be informed that we are making the same representations to the Japanese.

If specific discussion arises as to methods of making progress, it might be suggested to Dr. Yang in the case of the unresolved claims issue that in the interests of moving ahead with the treaty each side withdraw its claims to property in the territory of the other or, alternatively, that negotiation on this issue be deferred to a later date. With regard to fisheries, the suggestion might be made that this issue also be left for further discussion outside of the framework of the present negotiations.

No. 565

694.95B1/4-2952

Memorandum of Conversation, by the Secretary of State [1]

SECRET [WASHINGTON,] April 29, 1952.

Subject: Korean-Japanese Negotiations for a Treaty of Friendship

Participants: The Secretary
Dr. You Chan Yang, Korean Ambassador
Mr. Pyo Wook Han, Counselor, Korean Embassy
Mr. J. M. Allison, Assistant Secretary for Far Eastern Affairs
Mr. A. B. Emmons, 3rd., Officer in Charge, Korean Affairs

Ambassador Yang called on me at 3:45 this afternoon to discuss the progress of the negotiations between the Korean and Japanese Governments, looking toward the conclusion of a treaty of friendship. Ambassador Yang explained that he had just returned from representing the Korean Government at these negotiations in Tokyo, and wished to bring the Department up to date concerning his views on these negotiations. He handed me an *Aide-Mémoire*, dated April 29, 1952, setting forth the views of the Republic of Korea concerning certain phases of the negotiations (copy attached). [2]

The Ambassador briefly reviewed the course of the negotiations to date, indicating that general agreement had been reached as to the status of Korean residents in Japan. With regard to the settlement of the status of Japanese vessels of Korean registry present in Korean waters as of August 9, 1945, of which the Korean Government is asking restitution, the Ambassador stated that although the Japanese had offered restitution of only some 6,000 tons, his Government estimated that some 74,000 tons had actually been present in Pusan alone.

The Ambassador pointed out, however, that the main stumbling block concerned the matter of claims, explaining that the Japanese Government had put forward claims to property rights and privileges in Korea which, if accepted, would virtually mean the destruction of Korean sovereignty because of the size and scope of such claims. He recalled that he had addressed a letter on this subject to the Department, dated March 25, 1952. Dr. Yang indicated that the Japanese, furthermore, were demanding not only restitu-

[1] Drafted by Emmons.
[2] Not printed.

tion of such property but also that it be returned in good condition, despite the damage caused by the current hostilities. The Ambassador expressed his belief that were it not for the introduction of these Japanese claims in the recent phase of the negotiations, the other outstanding issues could easily be solved and that a treaty could be signed with a minimum of delay. He insisted that the Japanese claims were completely unwarranted and without foundation and stated that Article 4 of the Japanese Peace Treaty clearly indicated the untenable nature of such claims. Dr. Yang explained that he had urged the Japanese delegation to withdraw these claims and to proceed with the treaty; this they refused to do, and he had therefore been forced to inform the Japanese delegation that further progress on the treaty at this time appeared to be impossible.

The Ambassador stressed the fact that his delegation had entered the negotiations in a friendly and frank spirit and had sought sincerely to work out a fair basis for the conclusion of a treaty. He claimed that the Japanese, however, had not responded in the same spirit and that the introduction of their unreasonable property claims indicated a clear lack of sincerity which largely nullified the value of further negotiation with the Japanese.

The Ambassador went on to point out that while the Korean delegation had initially treated the Japanese property claims as a matter of confidence, there had been continual Japanese leaks to the press concerning it and that of necessity, once made public their claims could not be allowed to stand unchallenged by the Korean Government. He reluctantly had felt impelled, therefore, to issue public statements in refutation of them, although there were other confidential matters regarding the negotiations upon which his delegation continued to maintain silence.

The Ambassador stated that his Government fully appreciated the importance of establishing relations with Japan upon a sound foundation, since both countries are menaced by Communism and both are receiving very substantial United States aid, the objective of which might be vitiated were relations between the two countries allowed to deteriorate. He emphasized, however, that the Korean Government was helpless to proceed in the face of Japanese insistence upon their clearly unfounded property claims.

I emphasized to Dr. Yang the great importance which the United States attached to the establishment of firm and friendly relations between Korea and Japan, and the profound influence which the character of these relations would exercise over the stability of the Far East. I stated that it was most unfortunate that the treaty negotiations had been allowed to become the subject of public contention between the two countries and urged strongly upon Dr. Yang the importance of each side's refraining from actions which would

tend to create an atmosphere in which further negotiations would be difficult or impossible.

I then referred to Dr. Yang's letter of March 25 concerning Japanese claims and informed him that a reply had been prepared in which the United States clearly took the position that, in view of the provisions of the Japanese Treaty, such claims could not be sustained. [3] I pointed out, however, that while this was the case the Department believed that the Japanese claims might properly be considered as relevant in regard to any special arrangements which might be worked out between the two countries dealing with the disposition of property. I suggested that if the claims issue could not readily be resolved in the current treaty negotiations there would be great merit in undertaking discussions on this matter as a separate issue, since I considered it to be most important for Korea and Japan, as soon as possible, to work out a treaty which would provide the basis for a full resumption of normal diplomatic and other friendly relations.

With regard to the fisheries issue, I suggested that a fruitful approach might be for discussions to be conducted on the basis of a conservation treaty rather than upon the establishment on any arbitrary delimitation of high seas areas from which one side or the other would be excluded. Dr. Yang replied that the Korean delegation was prepared to discuss this whole fisheries question with the Japanese in the most friendly spirit and was anxious to reach a mutually satisfactory solution and that he had so stated to the Japanese delegation. The approach which the Korean Government had thus far favored, however, would provide a mutually agreed line drawn in the straits of Tsushima to delimit areas in which the boats of each nation could operate, thus avoiding the possibility of direct conflict between Korean and Japanese fishermen. The Ambassador did not indicate, however, that the Korean Government would insist upon such a formula in any future negotiations on the fisheries question.

Mr. Allison pointed out that naturally the negotiations with the Japanese were being carried on under very considerable difficulty arising from the ill feeling which had inevitably resulted from 40 years of Japanese occupation of Korea. He stressed that for this reason it was all the more important that a treaty of friendship be concluded, at the earliest possible date, which would provide for a sound foundation governing future Korean-Japanese relations. He also urged upon Dr. Yang the desirability of leaving aside for the moment any further discussion of the claims issue, and pointed out that this matter would be susceptible of negotiation at any time

[3] See footnote 5, *supra*.

and should not be permitted to prejudice the outcome of the present highly important negotiations; in any case, the Korean position would remain strong with regard to the property to which the Japanese Government was laying claim since, as a practical matter, the property was in Korean hands, and, in addition, the Korean Government now had the assurance of the United States that under the terms of the Japanese Treaty the Japanese Government had no sound legal foundation for the position which they had taken with respect to this property. Mr. Allison was of the opinion that an agreement to discuss the matter in the future implied no commitment as to ultimate disposition of this property.

I suggested that in any negotiation it was natural to assume that each side would advance certain claims and counterclaims as a matter of normal bargaining procedure. This did not mean, however, that either side was acting in bad faith or that such claims had to be accepted. I indicated my belief that the present situation might reflect such a maneuver, but that this should not be allowed to disrupt the negotiations on the treaty.

Dr. Yang again remarked that his attitude toward the negotiations had been one of sincerity and fairness and that his delegation had consistently been prepared to meet the Japanese half-way in the negotiations. He still believed, however, that the Korean Government could not afford to ignore the arbitrary action taken by the Japanese in putting forward their unwarranted claims and that little progress could be made unless these claims were withdrawn. Dr. Yang agreed, however, to a suggestion that he discuss the matter further with Mr. Allison and other officers of the Department.

The Ambassador thanked me for this opportunity to express, in a frank and friendly fashion, the views of his Government concerning the treaty negotiations with Japan.

No. 566

611.93/5–2352: Telegram

The Ambassador in Japan (Murphy) to the Department of State

SECRET TOKYO, May 23, 1952—5 p.m.

229. For Allison eyes only. Last evening at dinner Prime Minister Yoshida blandly told me that he thought the Japanese could be useful as a "fifth column" in China. He said that Ogata has had three conversations with the Generalissimo in Formosa and he hoped that eventually some understanding could be developed. He

believed that the Chinese "who are much cleverer than we Japanese" under present circumstances are not averse now to the idea of a working arrangement. He thought that a good many Japanese with valuable contacts on the Chinese mainland wld be available for an effort in a number of regions.

Prime Minister added that Japan having made so many past blunders "in China and elsewhere," having failed as a military power, shld now try the role of "honest broker". Perhaps as an intermediary, he said, Japan wld enjoy better success. Whatever happened a return to militarism should be avoided at all cost and with his customary chuckle "we must of course remain democratic."

I am not certain what, if any, value to attach to this voluntary suggestion by Prime Minister, which wld appear however be related previous statements by him, particularly to Rusk [1] and Dulles, [2] re possible "contribution" by Japan in support United States objectives in China.

MURPHY

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[1] For Rusk's memorandum of his conversation held Nov. 27, 1951, in Tokyo, with the Prime Minister and Sebald, see *Foreign Relations*, 1951, vol. VI, Part 1, p. 1416.

[2] See Topad 1279 from Tokyo, Dec. 14, 1951, and the editorial note, *ibid.*, pp. 1438 and 1471, respectively.

No. 567

INR-NIE files [1]

National Intelligence Estimate [2]

[Extract] [3]

SECRET
NIE–52

WASHINGTON, May 29, 1952.

THE PROBABLE FUTURE ORIENTATION OF JAPAN [4]

THE PROBLEM

To analyze the various factors—both internal and external—which are likely to determine Japan's future foreign policy; and to assess in the light of these factors Japan's probable future orientation in the East-West conflict.

CONCLUSIONS

1. We believe that Japan will seek to achieve its national objectives by a pro-Western orientation, at least during the next two or three years.

2. We believe that the essential conservatism of Japanese society, the strongly entrenched position of conservative political parties and groups, and the weaknesses of major leftist forces, make the continuation of conservative control of Japan almost certain, at least through 1954. If, however, the Liberal Party should lose its present majority position, divisions within the conservatives might weaken the Japanese Government.

3. We believe that the basic national objectives of Japan will be to rebuild its national strength and to enhance its position in the Far East. Because of Japan's economic and military deficiencies,

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[1] Files of National Intelligence Estimates, Special Estimates, and Special National Intelligence Estimates, retained by the Directorate for Regional Research, Bureau of Intelligence and Research.

[2] National Intelligence Estimates (NIEs) were interdepartmental reports which presented agreed evaluations of the subjects treated. They were drafted by officers from those agencies represented on the Intelligence Advisory Committee (IAC), revised by interdepartmental working groups coordinated by the Office of National Estimates of the CIA, approved by the IAC, and circulated by the CIA to the President, certain cabinet officers, and the NSC.

[3] The section entitled "Conclusions" is printed in full. Omitted are the section entitled "Discussion", an historical appendix, and five economic appendices.

[4] A note on the cover sheet reads: "The intelligence organizations of the Departments of State, the Army, the Navy, the Air Force, and the Joint Staff participated with the Central Intelligence Agency in the preparation of this estimate. All members of the Intelligence Advisory Committee concurred in this estimate on 22 May 1952."

and because Japanese conservatives share a broad identity of interest with the US in containing Communist expansion, progress toward the realization of these objectives will almost certainly require close cooperation with the US, at least during the next two or three years. Even during this period, however, Japan is likely to seek to develop at least economic relations with Communist China and the USSR.

4. The degree of Japanese cooperation with the US, in both the short and long term, will depend largely on the extent to which the Western alignment not only meets Japan's needs for security and foreign trade opportunities but also satisfies its expectations for economic and military assistance and for treatment as a sovereign equal. Adverse developments in any of these respects would increase existing pressures for independent courses of action in Asia and make Japan more vulnerable to Communist tactics of conciliation and threat.

5. As the most probable long-term prospect, we believe that as Japan grows in strength and bargaining power, it will seek to increase its freedom of action in Asia within the framework of a generally pro-Western orientation. Japan will probably attempt to readjust its relations with the US, seeking to eliminate the basing of US troops in Japan and seeking to attain increased influence and leadership in Asian affairs of joint US-Japanese concern. Japan will inevitably attempt to expand economic and political relations with Communist China, and probably with the USSR, to the extent possible without jeopardizing its domestic stability and will seek at the same time to avoid a basic alteration in its pro-Western foreign policy.

6. If, however, Japan is unable to solve its economic problems, it will be particularly vulnerable to economic and diplomatic pressures from the Soviet Bloc and will be tempted to seize opportunities for closer economic and political relations with the Bloc. Even in this situation a conservative government would seek to avoid courses of action that would be likely to lead to Japan's absorption into the Bloc. Serious internal pressure in Japan would be more likely to result, at least initially, in a trend toward traditional authoritarian measures rather than in the rise of a pro-Communist regime.

. . . . . .

No. 568

400.949/5–2852

Memorandum by the Acting Officer in Charge of Economic Affairs, Office of Chinese Affairs (Hope) to the Acting Director of That Office (Perkins)

SECRET [WASHINGTON,] June 3, 1952.

Subject: Murphy's views on COCOM [1] Membership for Japan

Upon receipt of the attached information copy of Tokyo's 289 of May 28, [2] I telephoned NA to inquire as to their reaction and planned handling. I reached Ed Cronk [3] on the afternoon of May 29. He stated that there was some division in opinion within NA about the matter, and that he would keep us informed of developments. I gather, in general, that Thayer White and some others generally agree with Murphy's view that the Japanese should be extended an invitation to join COCOM, but Cronk and others are not convinced of the wisdom or feasibility of this course.

Personally, although heretofore we have avoided taking sides on just which multilateral organization Japan should join, I can see very good reasons for accepting Murphy's view since Japanese membership in COCOM would presumably satisfy Japan's desire to be recognized as an important sovereign nation and, from the point of view of export controls, it should result immediately in the Japanese adopting the China List and moving forward with whatever progress is being made in COCOM on charters, shipping controls, etc. The alternative to an early subscription by Japan to a multilateral organization would appear to be soon a more substantial relaxation of Japanese controls over China trade.

I know that Barnett [4] had very strong feelings, based upon his experience both with Japanese and Chinese problems, that Japan should be invited to join COCOM. RA has appeared as the chief re-

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[1] For documentation on the Coordinating Committee of the Consultative Group, see vol. I, Part 2, pp. 817 ff.

[2] In this telegram Murphy had stated in part:

"In view marked business polit interest Jap–Chi trade, believe most desirable secure at earliest practicable date Jap adherence multilat engagement export control program. Because early commitment JG believed urgent, suggest membership COCOM most feasible solution with subsequent consideration possible formation subcomite dealing special problems Chi trade. If later COCOM more closely identified with NATO and Jap membership considered inappropriate, equiv Pacific org cld then be estab." (400.949/5–2852)

[3] Chief of the Japanese finance and trade section in the Office of Northeast Asian Affairs.

[4] Robert W. Barnett, Officer in Charge of Economic Affairs in the Office of Western European Affairs.

sistor of such a theory, on the ground that NATO and COCOM are coming closer together as a sort of European club, with Pacific partners not desired. I find this RA view unjustified, in view of the importance of such places as Singapore and Hong Kong in the COCOM structure, the special character of Japan as the only real industrial supplier to China in the Far East, and the presence in COCOM of Japan's principal competitors in Far Eastern trade. I see no valid geographical reason for the exclusion of Japan from COCOM, since both that organization and NATO have in the past extended membership to countries which are certainly outside of the original orbit. [5]

I hope, therefore, that CA can support Murphy's opinion. [6]

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[5] In a memorandum to Perkins dated June 9, Hope commented further on the positions developing on the issue:

"NA, FE (Gay), BNA (Kilcoin), seem agreed that COCOM membership is desirable. RA (Camp) and EDS (Wright) preferred the Pacific group type: RA on negative grounds (COCOM is expected someday to become closer in NATO than it now is, and thereby to become more 'effective'), EDS on the ground that Defense, Commerce, and the Battle Act people hope to get a strong, well-knit Pacific group exercising sterner controls than Europe will agree to." (400.949/6-952)

[6] The following note is handwritten in the margin: "We should. I think we should avoid treating FE area as insulated insofar as economic controls go, especially in time of hostilities. Moreover, a separate FECOM wld be full of fishhooks, politically—T [roy] L P [erkins]".

No. 569

894.10/6-852: Telegram

The Ambassador in Japan (Murphy) to the Department of State

SECRET TOKYO, June 8, 1952—7 p.m.

421. Yoshida invited me to dine with him last evening and suggested that I arrive half hour before dinner for discussion with Finance Minister Ikeda Japanese financial situation. Ikeda after complimentary references to benefits realized by Japan result US aid and Dodge policies outlined position with which Dept familiar, viz., favorable aspects including foreign exchange on holdings of Bank of Japan amounting roughly one billion dollars of which about 700 million in dollars; balanced budget "even a surplus"; slightly favorable balance of trade; improved banking situation etc. However adverse factors he said cannot be ignored Japanese enjoying temporary benefit expenditures incident to Korea which may cease any time; lull apparent in number of lines especially textiles; current favorable situation cld change for worse overnight; while foreign exchange portfolio good at moment this cld evaporate rapidly; obso-

lete plant equipment needs modernizations; power plants must be built etc.

Then Ikeda came to point: Japan needs fresh capital but more especially what govt desires is the establishment of a line of credit by US. Ikeda did not wish to state a specific amount but said something from 100 million to 200 million dollars say a ceiling of 200 millions. I asked whether he had prepared a specific program on which an application for such line of credit cld be based. He replied that several programs were well advanced and based on different amounts of credit 100, 200, 300 millions. He referred to conversations he has had with Dr. Reed of Defense and Diehl our Treasury attaché along same lines. He wanted Embassy's support for his idea which he said is not limited to economic considerations; he wished to point out that politically it is necessary for the Yoshida govt to have this support from the US Govt in view of the elections. Therefore it is not so much the question of amount of line of credit but mark of confidence officials in Japanese Govt which is important. I asked whether time of elections had been decided and he replied that of course Yoshida will decide date but he believed it wld be some time next October. He wld like to urge the importance of favorable US action by August if possible.

While there were a number of considerations I wanted to mention in this connection I thought best to defer reference to Japanese rearmament, as well as to taxes and the rest until later and after perhaps receiving from Dept some indication whether there is even remote possibility Japanese proposal receiving sympathetic consideration.

I made passing reference importance of Japanese efforts to stimulate interest of private American capital this market and Ikeda said that Japanese administration is not obvious [*oblivious*?] to this important factor. I added that it wld be necessary to make market attractive to private venture capital and especially guarantee that capital cld be re-exported within reasonable time. He agreed saying that foreign investment bill now pending on Diet wld make adequate provision and that foreign investors under that legislation wld be able to withdraw capital after two years period.

Later I queried Yoshida about press speculation concerning his recent conversations with Hatoyama, leader Liberal Party. He said that unfortunately there is no truth in these stories. Hatoyama is his old friend and he implied their relations are good but Hatoyama's physical condition resulting from stroke he feared will not permit Hatoyama's return to active political life and the responsibilities of leadership Liberal Party.

While Embassy now preparing submit to Dept its views on general question loans to Japan, I wld in meantime be grateful for

Dept's advice to what if anything I may say to Ikeda re his direct inquiry subject lines of credit. If some formula cld be found it might be helpful in pressing govt to accelerate its lagging armament effort.

MURPHY

No. 570

894.00/6-1052

Memorandum by the Assistant Secretary of State for Far Eastern Affairs (Allison) to the Under Secretary of State (Bruce) [1]

CONFIDENTIAL [WASHINGTON,] June 10, 1952.

Subject: Organization to deal with Economic and Security Aspects of our Post-treaty Relations with Japan.

Problem

To determine what organizational arrangements are necessary so that the Department of State can deal adequately with economic and security aspects of our post-treaty relations with Japan.

Discussion

On Friday, June 6, I talked with Theodore Tannenwald, Assistant Director and Chief of Staff, Lincoln Gordon, Assistant Director for Policy and Planning, and Richard N. Johnson, Assistant Director for Resources and Requirements, of Mr. Harriman's office. We discussed the nature of the organization needed to deal with economic and security aspects of our post-treaty relations with Japan. The principal points of interest are summarized briefly below.

1. There is full agreement between us that the central responsibility must rest with the Department of State. The Department of Defense has already accepted this position.

2. The ODMS people still have a somewhat more grandiose conception than we do of the job to be done. They believe that the big problem is to build interest on the part of all other Government agencies and especially of private business firms in the development of the economies of Japan and Southeast Asia, and then to maintain momentum. For this task, they believe that it is essential to have someone of the general experience and caliber of Mr. Dodge, who can contribute "leadership of the very highest order" and who will be able to deal directly with the top levels in other agencies and in business firms.

3. We agreed that Dr. Elliott's [2] Interdepartmental Committee on Far Eastern Mobilization should be integrated into the new organi-

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[1] Drafted by McClurkin.

[2] William Y. Elliott.

zational arrangement and come under the chairmanship of the Department of State. Action in this connection, however, would not be taken until other organizational arrangements are made.

4. The ODMS people recognize that the organizational problem is essentially one for the Department of State to meet and, as a matter of fact, there was some difference of opinion among them. However, tentatively, they seemed to believe that it might be preferable to deal with the problem on the basis of a regional office of some kind within FE, thus tending to de-emphasize the purely Japanese aspects. FE has under active consideration the creation of a regional office and has already received concurrence in principal from A.

As the discussion proceeded, it became apparent that the ODMS people would be satisfied if the Department of State hired someone like Mr. Dodge as a special consultant to the Secretary for a period of three to six months. Reporting to the Secretary through FE, he would assume responsibility for getting the program under way and for making appropriate organizational recommendations for its continuance. The Department of State can not afford to do poorly with this job for any reasons within our control, so we have come to the conclusion that we should accept this suggestion if only to avoid future criticism that things would have gone better if we had only had a man of the proper ability. As to the person, we recognize the great advantage of Mr. Dodge's experience. On the other hand, in Japanese eyes, he is associated with particular policy lines imposed upon them by the Occupation. In addition, the appointment of Mr. Dodge might seem to other countries in Asia to be an evidence of our intention to place undue stress upon the role of Japan. We would, therefore, prefer to make a strong effort to find someone else of his caliber before finally settling on him.

This course of action and the proper carrying-out of the function as a whole are dependent upon receipt of at least a major portion of the funds requested in your letter of May 6 to Mr. Harriman. [3] I understand that there have been technical staff discussions of the way in which funds can be made available and of the exact amount needed, and that it seems likely that ODMS will be able to provide the funds.

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[3] In this letter the Department requested from the MSA, funds not to exceed $530,000 in FY 1953 for a staff, to be located partly within the Department and partly in the Embassy in Tokyo, to coordinate U.S. economic and security programs in Japan. (894.00/5–654) In a memorandum to the Secretary of Apr. 21, Allison in part had explained that although such funds should have come out of the Department's monies, the proposal was formulated to be included in the normal budgetary process. (894.00/4–1752)

In a letter to Bruce dated July 17, Tannenwald indicated MSA's agreement to the proposal, but pointed out that in accordance with intervening discussions between the two agencies the maximum amount would be $250,000.

Recommendations

Subject to the receipt of the major portion of the funds requested from the Director of Mutual Security in your letter of May 6, 1952,

(1) that the Department of State engage for a period not to exceed six months someone of the general background and ability of Mr. Dodge as a special consultant to the Secretary, reporting through FE, to get this program under way; and

(2) that I be authorized to inform the appropriate officials of Mr. Harriman's office of the action which the Department of State proposes to take. [4]

[4] Allison stated, in a letter to Johnson dated July 10, that after considerable thought he had decided to ask Dodge himself to assume the position. (894.00/7-152) Dodge entered on his duties in August 1952, and performed them until his appointment as Director, Bureau of the Budget, in January 1953.

No. 571

611.94/6-1052

Memorandum by the Director of the Office of Northeast Asian Affairs (Young) to the Assistant Secretary of State for Far Eastern Affairs (Allison)

TOP SECRET [WASHINGTON,] June 10, 1952.

Subject: Informal Defense Comments on State Department Draft [1] of NSC Policy Paper

Mr. Sullivan has now made available to me on an informal basis comments of the various staff officers in the Department of Defense. The major differences in Defense and State policies are summarized for your information.

1. While State took the position that the United States should not interfere in Japanese domestic affairs unless internal developments gravely threaten United States security interests, Defense proposes United States intervention "to prevent internal developments from gravely threatening United States security interests." Defense also takes the position that the security of Japan is of such importance to the United States position in the Pacific area that the United States would not only fight to prevent hostile forces

[1] In his memorandum to the Acting Secretary of State and the Secretary of Defense dated Feb. 20, 1952, subsequently circulated to NSC as part of NSC 125 of Feb. 21, President Truman directed the preparation of a policy paper on Japan. The draft mentioned here, dated May 5 and prepared in S/P and NA, bears extensive annotation by staff officers of the Department of Defense (as of June 6) as described and quoted above. (NA files, lot 58 D 529) Other drafts prepared in April, May, and June are in PPS files, lot 64 D 563. Additional information on the drafting process is in file 611.94 for the spring and summer of 1952. For a description of NSC 125, see footnote 1, Document 512.

from gaining control of any part of the territory of Japan but also "would take necessary steps to reduce Communist influence and infiltration in Japan's domestic affairs."

2. Defense proposes the deletion of any reference to an agreement with the Japanese Government with respect to the disposition of the Ryukyus, providing instead simply United States retention on a long-term basis of such bases in the Ryukyus, etc., as are essential to United States security interests.

3. Defense proposes the deletion of any reference to United States *participation* in the development of collective security arrangements in the Pacific area.

4. a. Defense proposes that present Japanese export controls be maintained not merely until a satisfactory settlement of the Korean War has been achieved but so long as there is Communist aggression in the Far East and while the United Nations is taking action against such aggression.

b. Defense discards the possibility of Japan's membership in COCOM and calls for the organization of a Far East Economic Defense committee.

NA has serious reservations on the first three points mentioned. United States intervention unless carefully limited could have serious effects on Japanese political life, Japan–United States relations, and the willingness of Japan to contribute effectively to United States security objectives in the Far East. Failure to take into consideration Japanese political and psychological interests in the Ryukyus will keep alive a touchy issue in United States-Japanese relationships. It is impossible to envisage the creation of any effective security arrangement in the Pacific without United States participation.

With reference to 4 (a) above, NA can accept a policy calling for the maintenance of Japanese export controls as long as there is Communist aggression in the Far East and while the United Nations is taking action against such action provided some flexibility is permitted Japan with respect to the levels of its export controls. With reference to 4 (b), NA proposes to limit the policy statement to a provision that export controls to be maintained by Japan in the post-aggression period should be determined through multilateral agreement among the free nations principally interested in trade with the Far East areas of the Soviet bloc without mentioning the specific organization by which the policy should be implemented.

NA intends to discuss these and the various minor Defense revisions with Mr. Sullivan with a view to reducing the points at issue before transmitting the paper to the NSC Staff.

No. 572

894.10/6-852

The Assistant Secretary of State for Far Eastern Affairs (Allison) to the Ambassador in Japan (Murphy) [1]

CONFIDENTIAL [WASHINGTON,] June 16, 1952.

DEAR BOB: This is a brief note on our reply of this date [2] to your telegram No. 421 of June 8, referring to Ikeda's interest in a 100–200 million dollar line of credit.

I am sorry that our reply is somewhat pedantic. Your telegram received such wide circulation within the United States Government that it was impossible to frame an answer which did not take full account of United States financial policies.

I assume you have seen Ken Young's letter of May 19 to Niles Bond, [3] in which he asked the Mission for a combined political-economic analysis of loans to Japan. My own view is that at the moment the Japanese have not made either an economic or a political case for loans, but that a line of credit some time in the future is not altogether out of the question. I am particularly mindful of the possibility that a loan for political purposes could have some harmful results, as well as helpful, in connection with the coming elections. It would be extremely difficult to obtain a line of credit for Japan this summer. We would have, first, to show that it was politically extremely important, and second, to give some respectable economic justification.

It is generally conceded that loans have been made in the past for political purposes, but officially the officers concerned with financial policy can not afford to admit it. And, in most, if not all cases, there has been genuine need. For this reason, you might want to submit some of your further observations, which we are anxious to have, by letter rather than by telegram or despatch.

Sincerely yours,

JA

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[1] Drafted by Hemmendinger on June 13.

[2] Telegram 512 to Tokyo, June 14. In it the Department reviewed its general policies on lending, mentioning that it preferred project requests to lines of credit and stating that it was established U.S. policy to refer applicants to IBRD in cases where financing long-range development programs was contemplated, although this policy did not exclude the possibility of Export-Import Bank loans for special purposes. "Under these circumstances and pending Dept consideration Emb's views loan question wld advise Emb not encourage Ikeda." (894.10/6-852)

[3] Not printed. (894.10/5-1952)

No. 573

794.5/6–1652

Memorandum by the Director of the Office of Northeast Asian Affairs (Young) to the Assistant Secretary of State for Far Eastern Affairs (Allison)

TOP SECRET [WASHINGTON,] June 16, 1952.

Subject: Proposed Agreement Between The United States and Japan to Establish Measures For The Combined United States-Japanese Defense in Japan

I. The Problem

Mr. Sullivan of the Defense Department left with me the attached cable (C 69362) from CINCFE and a copy of a proposed oral communication [1] to appropriate Japanese officials on the above subject. The Joint Chiefs of Staff have requested approval by the Secretary of Defense of the attached agreement. [2] However, Mr. Nash and Mr. Sullivan have requested State's comments before authorizing the agreement. They would like our reaction as soon as possible.

Part I of the agreement cites the Security Treaty as the basis for the establishment of measures for the combined United States-Japanese defense of Japan. Part II proposes Japanese agreement to two contingencies, namely:

1. *Immediate Steps*

a. Appropriate officials of the Japanese Government and representatives of the Commander in Chief, Far East, will initiate combined planning designed to promote complete mutual understanding on the defense of Japan should hostilities occur.

b. Among other things, such planning will proceed on the basis of our agreement that in the event of an enemy attack on Japan, which is of such a nature as to preclude the timely definition of command responsibility, the Japanese defense forces will immediately come under the temporary operational control of United States commanders.

c. Initial planning will also establish liaison procedures between United States and Japanese defense forces, the structure of command, and all necessary measures to preclude divergence of United States and Japanese military efforts should hostilities occur.

2. *In Event of Hostilities or Imminence of Hostilities Against Japan.*

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[1] Neither attached to the source text. Telegram C 69362 from CINCFE, signed Clark, to the Department of the Army for the JCS, is dated Mar. 31. (Department of Defense files)

[2] That is, the draft of a proposed oral communication.

a. All United States forces in Japan and all Japanese organizations, excepting local and national rural police, having military potential would be placed under a unified command.

b. A supreme commander for the combined United States-Japanese forces would be designated by the United States after consultation with the Japanese Government.

c. The Supreme Commander will have authority to use, for the strategic and tactical disposition of the combined forces, such areas, installations and facilities in Japan as he deems necessary.

Part III provides that as Japanese security forces develop their capabilities, the foregoing arrangements will receive continuing review to the end that these forces may increasingly assume responsibility for the defense of Japanese territories against external aggression.

CINCFE in his CX 68274 [*C 69362*] takes the position that the matter pertains directly to his responsibility for the defense of Japan, is specifically authorized as a CINCFE function by paragraph 1d (1) of the President's memorandum of April 23, 1952 [3] on principles governing the relationship between the Ambassador and CINCFE in the post-treaty period, and therefore, should be negotiated by him. This is contrary to General Ridgway's position as CINCFE. CINCFE states that he has discussed this subject with Ambassador Murphy who concurs in his views.

II. Background

A. *Rusk–Okazaki Understanding on Defense Measures Over and Above Final Provision in Administrative Agreement*

Informal discussions between Rusk and Okazaki in the course of determining the final wording of Article XXII (present Article XXIV) brought to light the general attitude of the Japanese Government on the problem of the combined command under a United States commander and joint United States-Japanese defense measures in the event of hostilities or threatened hostilities. Okazaki and the Prime Minister agreed in principle as to the necessity of establishing a combined command in the event of hostilities or threat thereof, the commander of which would be designated by the United States, but they were unable to make such an agreement public in that it was of major political importance, would sound the "death knell" of the Liberal Party, and mean certain defeat of the Government in the coming general election. (See Annex for more detailed discussion of Rusk–Okazaki conversation[s].[4])

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[3] See the attachment to Document 557.

[4] Not printed. This Annex summarizes some of the documentation concerning Article XXII (XXIV) printed *ante*.

The substance of the proposed agreement appears to be consistent with the informal and highly confidential exchange of views between Minister Okazaki and Ambassador Rusk. NA recognizes the military necessity of reaching an agreement in the near future with the Japanese Government on combined strategic planning for the defense of Japan, and having reviewed this issue in the light of other negotiations such as the status of United Nations forces in Japan and present political events in Japan (the coming general election and possible creation of a conservative coalition government), concludes that the present time is as good as any to approach the Japanese Government on this matter. However, NA feels strongly that these conversations be kept on a highly confidential and oral basis. Any hint of Japanese Government concessions on this matter might mean its downfall, and would be very likely to have adverse effects on US-Japanese relationships.

B. *Relationship Between the Ambassador and CINCFE*

Paragraph 1a of the President's memorandum of April 23 states:

"The Chief of the Diplomatic Mission to Japan, as the representative of the President and acting on his behalf shall be responsible under the immediate supervision of the Secretary of State for all governmental relations in Japan between the United States and Japan, and shall exercise the appropriate functions of a Chief of Diplomatic Mission."

CINCFE bases his jurisdictional authority for the negotiation of this agreement on paragraph 1d (1):

"The Commander-in-Chief, Far East, is authorized to administer and to deal directly with appropriate representatives of the Japanese Government with respect to:

> "(1) All military matters in implementation of agreements reached between the United States and Japan, including matters affecting the security of the Commander-in-Chief's Forces, the defense of Japan, and, to the extent provided by such agreements between the United States and Japan, the command and deployment of Japanese forces and combined strategic planning."

NA challenges the jurisdiction of CINCFE in this matter, believing that the negotiation of the proposed agreement is a governmental function and is not "in implementation of agreements reached", and is, therefore, within the jurisdiction of the Ambassador. It is possible that CINCFE bases his position on the theory that the negotiation of the present agreement is in implementation of Article XXIV of the Administrative Agreement which provides:

"In the event of hostilities, or imminently threatened hostilities, in the Japan area, the Governments of the United States and Japan shall immediately consult together with a view to taking

necessary joint measures for the defense of that area and to carrying out the purposes of Article I of the Security Treaty."

NA is of the view that such a position is untenable in view of the following factors: (1) Article XXIV applies "in the event of hostilities, or imminently threatened hostilities," and (2) Paragraph 1d (1) is related to the "implementation of agreements", not to the negotiation of agreements. The discussion of combined United States-Japanese defense measures is of the highest governmental importance and carries such great political implication that it should be clearly established as a responsibility of the Ambassador to conduct all discussions with the Japanese of basic policy. The determination of policy is a matter for State and Defense, acting jointly. Once determined, the policy should go to the Ambassador, who should be responsible for reaching the basic understandings with the Japanese. Obviously, this is initially a State–Defense problem. Once an understanding is reached, its implementation is the province of the military.

NA recognizes the necessity of reaching such an understanding and assuring that steps are taken at an early stage to coordinate United States-Japanese defense measures. Therefore, NA would propose that agreement be reached with Defense authorizing the Ambassador to approach Okazaki or Yoshida on this matter, referring to the earlier Rusk–Okazaki understanding, and stressing the highly confidential nature of the matter, and to propose that an agreement or understanding be reached whereby combined planning could be implemented on the technical level. Such a procedure would have the merit of assuring the governmental nature of this agreement, providing Yoshida the opportunity of discussing the political implications of the agreement with the Ambassador, preserving the strictest secrecy, and still permitting full implementation at the technical level.

III. Recommendations

It is recommended that:

1. in principle the necessity of reaching agreement with the Japanese Government at this time be accepted;
2. agreement be reached with Defense authorizing the Ambassador under paragraph 1 (a) of the President's memorandum to initiate discussion with the Prime Minister and Foreign Minister on this subject;
3. the attached telegram to Ambassador Murphy requesting his views be approved. [5]

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[5] Draft not found attached. It was sent as telegram 540, June 17, not printed. (794.5/6-1752) In telegram 574 from Tokyo, June 18, marked "Eyes only Allison no

Continued

No. 574

794.5/6-2452: Telegram

The Ambassador in Japan (Murphy) to the Department of State

TOP SECRET NIACT TOKYO, June 24, 1952—7 p.m.

660. Eyes only for Allison. Further to your 540. [1] Clark has taken great Top Secret pains to explain that what he has in mind is not a formal written govt-to-govt agreement regarding combined measures for US–Jap defense of Jap. Both he and Hickey state their belief that under present Jap internal conditions achievement formal written agreement not practicable. Clark hopes only for what he calls a verbal green light from Yoshida on the basis of which we cld go ahead and release the heavy equipment which is already here to the Jap. He points to the valuable months which have already been lost from the standpoint of training, organization and equipment of the Jap forces. He described in rather vigorous language the extreme vulnerability of our situation in Jap with forces on a slender battalion basis. If the balloon shld go up tomorrow we cld not hope to make a defense of Hokkaido.

I explained Dept's point of view on procedure supporting the construction placed on para 1d (1) of President's memo. Clark said that probably there is misunderstanding of his purpose which is not a formal intergovernmental agreement. I suggested that possibly JCS had presented it to Dept in that form.

I suggested that possibly the best approach wld be to arrange a quiet dinner for Yoshida, Clark and myself at Emb residence where we cld have an informal discussion of the problem and possibly achieve the type of "gentleman's agreement" which is all Clark believes he needs. To this Clark said he agrees.

Clark seems confident that Joint Chiefs wld authorize release of heavy equipment Jap on this basis. I told him that I had no information from Wash which wld support that view.

When you comment, will you please advise me re policy regarding release of heavy equipment to Jap. If it can be done, it wld

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distribution outside Dept.", Ambassador Murphy replied in part that he had not previously studied the background of the matter and had thought "off-hand" that the language of the President's memorandum had entitled CINCFE to deal directly with Japanese officials on an agreement establishing unified command. "It is clear from your message and I believe a close reading of para 1d that negotiation intergovernmental agreement wld not fall within CINCFE's authority. I shall discuss this further with Gen. Clark and telegraph views re substance proposal, etc." (794.5/6–1852)

[1] See footnote 5, *supra*.

seem to me politically advisable and I think that the timing of it wld be good as Parliament shld adjourn within a few days.

MURPHY

No. 575

794C.0221/7-252: Telegram

The Ambassador in Japan (Murphy) to the Department of State

SECRET PRIORITY TOKYO, July 2, 1952—8 p.m.

33. Info copies this msg being passed CINCFE and COMNAVFE for CINCPACFLT. FonMin Okazaki has raised with me question eventual repatriation approx 7,000 Jap ex-residents Bonin Islands evacuated 1944 now temporarily in Japan proper. He described their situation as deplorable and hoped US naval auths might soon see their way to relax opposition to progressive return these refugees to Bonin Islands. All they ask, he said is right to return to their own homes where they can make a living and he in turn wld hope to be relieved of constant flood of oral and written petitions with which he is bombarded. He stated it is hard for Japs to understand US resistance to reasonable desire of these people return their native heath, especially in view fact that 135 former Bonin residents of Jap blood and nationality but descendants of Amer and Eur settlers have already been permitted to do so. Security considerations can be no greater than those concerning Okinawa and Japan proper, he said, so what is reason preventing their return.

Emb finds it difficult to answer this seemingly reasonable request having thus far not seen US naval auths reasons against permitting return of evacuees. Unless there are important contrary considerations of which Emb not aware, we cannot but feel that responsible naval auths are performing grave disservice, not only to evacuees themselves but also to over-all US–Jap relations, in refusing permit repatriation. In this connection it shld be pointed out to Navy that this refusal is giving rise to charges in Jap due to racial discrimination, territorial aggrandizement and general unhumanitarian action on part of US, and constitutes growing source of potential friction between US and Jap Govts.

Navy, and particularly CINCPACFLT in his capacity as Gov of Bonins, shld also be reminded Bonins are not part of Trust territories and therefore not subj possible entry restrictions deriving from UN trusteeship agrmt, but are on contrary on same footing with Ryukyus to which former residents were repatriated shortly after war.

Request Dept discuss this problem with Navy with view eliciting from latter and CINCPACFLT either early agrmt permit progressive return Bonins expatriates or valid and convincing reasons which we can convey to Jap Govt for not so doing.

Comprehensive desp [1] fols by airpouch.

MURPHY

[1] Apparently a reference to despatch 298 from Tokyo, June 26, 1952, not printed. (794.022/6–2652)

No. 576

794.5/6–2452: Telegram

The Acting Secretary of State to the Embassy in Japan [1]

TOP SECRET TOKYO, July 9, 1952—12:58 p.m.

85. Eyes only for Murphy. Re ur 660. [2] Depts State and Defense concur in recommendations JCS and CINCFE that discussions be initiated with Yoshida on informal and oral basis to estab intergovernmental agreement in accordance with substance draft oral communication transmitted to you in Deptel 540. [3] Agreement estab that both you and CINCFE will participate in discussions with Yoshida. CINCFE being instructed accordingly.

Dept fully concurs in substance oral communication in view (a) understanding reached between Rusk and Okazaki in informal discussions in course negot Administrative Agreement (memos conversation available in Emb) to effect that combined command wld be estab in event of hostilities or threat thereof, commander of which wld be designated by US; and (b) situation in Far East which clearly dictates mil necessity reach early agreement with Jap Govt on various matters concerning combined strategic planning for defense of Jap. However, Dept desires to emphasize importance conversations be kept on highly confidential basis with full consideration given polit sensitivity Jap this issue and recognition continuing need consultation with Jap Govt in implementing agreement.

Request you keep Dept informed in detail these conversations and developing polit implications.

Re last para urtel release subj to resolution questions of executive authorization and legal title. Re first, Dept unaware of any policy whereby release heavy equipment to JNPR dependent Jap-

[1] Drafted in NA; cleared by phone with Martin in S/MSA and cleared with Allison in FE and Matthews in G.

[2] Document 574.

[3] See footnote 5, Document 573.

US agreement joint defense measures. In Apr 1951 President accepted JCS recommendation concurred in by State that (1)a "Special Far East Command Reserve" be estab from US Army stocks which wld be available as stockpile of equipment for then existing 4 JNPR divs, but which wld not be placed in hands Jap without specific prior agreement by Dept of State or approval at highest govtal level and (2) Dept of Army be authd undertake planning and budgeting for material sufficient fully to equip overall total of 10 JNPR divs by Jul 1, 1952. [4] On Sept 28, 1951, State in reply [5] to Defense–JCS proposal that heavy mil equipment be made available JNPR, took position in view then existing FEC policy decisions that heavy equipment be retained in possession US forces at their own bases in Jap but that personnel from JNPR be brought to those bases in rotation for training in use equipment. To best knowledge Dept, executive auth for Defense place heavy equipment in hands JNPR still dependent on prior State agreement or approval highest govt level. Defense has not approached State this matter since last fall.

Re second, partly as result Supreme Court decision on steel seizure, questions have arisen on legal auth further transfers without Congressional auth. Legal problem under continuing close study. Dept will inform you when matter clarified. [6]

BRUCE

[4] See the letter (with enclosure and notes) dated Apr. 20, 1951, from Secretary of Defense George C. Marshall to Secretary Acheson, *Foreign Relations*, 1951, vol. VI, Part 1, p. 1001.

[5] See footnote 8, *ibid.*, p. 1361.

[6] In reply, Murphy stated in telegram 126 from Tokyo, July 10, that he discussed this message with General Clark and that the two of them planned to have an informal discussion with Minister Okazaki and the Prime Minister on July 23. (794.5/7–1052)

No. 577

894.10/7-952

The Assistant Secretary of State for Far Eastern Affairs (Allison) to the Ambassador in Japan (Murphy)

SECRET [WASHINGTON,] July 9, 1952.

DEAR BOB: I think my letter of June 16, 1952, commenting on our telegram No. 512 of June 14, [1] answers your letter of June 16 [2] on

[1] See footnote 2, Document 572.

[2] In this letter Murphy had mentioned that the Embassy had not found telegram 512 to be helpful. (894.10/6–1952)

the problem of a loan to Japan. I want, however, to be sure to give you all the help I can.

I gather that before making up your mind whether we should seek to support Yoshida by a loan or line of credit, you would like to know whether there is any possibility that it could be accomplished. It is difficult to reach a conclusion on this question without knowing how positively we may want it. My impression is that there is a possibility that the Eximbank could be induced to do something along the lines of a $100 million line of credit, but success would depend largely on the political importance which we could assert and on the objects of the expenditures. Probably the easiest objects to justify would be the financing of short-term commodity exports comparable to the cotton credit. Perhaps short-term commodity credits could be combined with modest long-term projects for industrial expansion or development, the loans to be used for acquisition of machinery and technology in the United States. The Eximbank has had a number of feelers on such small projects which have appeared bankable, but the Japanese have not followed them up, perhaps because they prefer to press more grandiose ideas. Credits of the kind just described are not now needed by Japan but would be relatively harmless and in terms of the actual loans are well within the Eximbank's practice. The main difficulty would not be with the loans themselves but with the extension of a line of credit. The Board of the Eximbank is said to be sour on this device, and would want really compelling arguments to consider it seriously.

I have kept an open mind on the desirability of trying to get Japan a line of credit pending full consideration of your recommendations. My personal slant, however, is that we could not in the near future present the kind of compelling political case that would be required. So far as I can judge, there is no danger that the forthcoming elections in Japan will bring into power elements hostile to the United States. I am not convinced that we should take steps that are within our power to give personal support to Yoshida, as distinguished from other leaders representing roughly the same policies, nor is it clear to me that such a gesture on the part of the United States, which would be regarded as aimed at the Japanese elections, would be well received in Japan, since Yoshida is already under attack for too-willing cooperation with the United States. In addition, he has the disadvantage of having been Prime Minister under the Occupation. On the whole, therefore, I wonder whether any such gesture of support would have any practical effect politically in Japan, and indeed whether it would have beneficial propaganda or psychological results if it came at a time when

it could be interpreted simply as an attempt to shore up an unpopular government.

Unless you think that the Department can make a compelling argument that a gesture is necessary to serve United States interests in Japan, I think you should tell Yoshida that it is quite unlikely the proposal could be favorably considered at this time. If you do think there is compelling reason, let me have your full views and I will see whether anything can be done. Meantime, do not give him too much encouragement.

If you do take a completely discouraging line with Yoshida, I think you should indicate that, apart from loans properly supported on a project basis, the kind of United States financial assistance Japan can anticipate is assistance directly connected with Japan's rearmament. We are now discussing with Defense the use of funds which are available to Defense for equipping Japanese forces, and what part of such funds should be spent for equipment in Japan. We are also beginning to examine the military assistance to be sought for Japan as part of the United States FY 1954 Mutual Security Program. By reason of cuts made by the Congress, Defense may be under considerable pressure to reduce the $300 million which has been tentatively allocated for the JNPR in United States FY 1953. You might point out to Yoshida that such expenditures by the United States can have considerable balance of payments significance for Japan as well as military significance, and that the availability of United States funds will depend in considerable part upon the size of the forces which Japan itself is willing to establish.

In short, I am inclined to think that we should move as rapidly as possible toward a consideration of assistance to Japan on our terms rather than on Japanese terms, and toward the direct link between such assistance and security which is required by our policy and by the views of the Congress.

Please continue to keep me fully informed of your discussions with the Japanese, to insure that we do not take a different line with Araki. We will await your further comments before giving you instructions on a definite reply to the Japanese. [3]

Sincerely yours,

JA

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[3] In his reply dated July 19, Murphy stated that Allison's letter arrived as the Embassy was completing an extensive analysis of the loan question (see the letter by Bond, *infra*) in response to a Departmental inquiry. The Ambassador agreed, pending reply to this study, to defer any definite reply to Yoshida, but concluded: "With the time for elections approaching, however, he will undoubtedly be pressing me for a reply, so that any early indication which you may be able to give of what our decision is to be will be most helpful to me." (894.10/7-1952)

No. 578

894.10/7–1852

The Counselor of the Embassy in Japan (Bond) to the Director of the Office of Northeast Asian Affairs (Young)

SECRET
OFFICIAL–INFORMAL

TOKYO, July 18, 1952.

DEAR KEN: I am writing in response to your letter of May 19 [1] dealing with the subject of a possible loan to Japan. The problem has received the careful consideration of officers in both the Political and Economic Divisions, and the observations which follow represent their combined judgment. This letter has been seen by Ambassador Murphy and has his approval.

Status

For many months the Prime Minister has urgently sought a substantial loan from the United States; he has discussed the matter with Mr. Dodge, Ambassador Dulles, General Marquat, and Ambassador Murphy. The figure given to General Marquat for power development and roads amounted to nearly $1,500,000,000. The Prime Minister appears to be motivated chiefly by political considerations, particularly a desire to demonstrate that the United States is willing to continue its support of the Japanese economy. It is possible also that he believes an unrestricted loan could be utilized advantageously through judicious distribution in a campaign year.

More recently the Minister of Finance in separate conversations with Ambassador Murphy and the Economic Counselor proposed a line of credit of $100 million and indicated a willingness to engage that such a line of credit would not be utilized until the dollar reserves of Japan declined to less than $500 million. The Minister of Finance indicated that a line of credit of the magnitude proposed would be adequate to demonstrate United States support of Japan and would be of material assistance to the Liberal Party in the political campaign anticipated this fall. He stated his awareness of the larger request made by the Prime Minister but implied that the latter would find the more modest proposal acceptable. The Prime Minister has apparently instructed Ministers Okazaki and Ikeda and Ambassadors Araki and Tsushima to press for the extension of such a line of credit.

[Here follows a detailed analysis of the economic justifications for, and political considerations in behalf of, loans for Japan.]

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[1] Not printed. (894.10/5–1952)

Conclusion

From the standpoint of economic considerations, it is the opinion of the Embassy that a line of credit of $100 million, the activation of which would be made conditional upon the size of the Japanese dollar reserves, would serve to encourage the utilization of such reserves in connection with a program of economic development by providing a reserve for contingencies. In addition to the protection afforded by the International Monetary Fund, such a line of credit would provide further security and confidence in the use of the yen as a currency in international trade. The proposed line of credit would also have the advantage of being called into use only when needed, and creating interest charges only as employed.

From the political standpoint it is certain that the Yoshida administration believes the extension of the proposed line of credit would be politically advantageous to it. In all probability this advantage would accrue to not only the Liberal Party in the forthcoming election, but also to the Yoshida faction in its contest for control within that Party against opponents led by Hatoyama. Should the Liberal Party lose the next election, or should the Yoshida faction lose control of the Liberal Party, it is by no means certain that the resulting Government would be so cordially disposed. Since the Prime Minister is of the firm opinion that the extension of the proposed line of credit would be of material assistance, and since that line of credit would be employed only if required and for the stabilization of the yen, the Embassy believes that compliance with the Prime Minister's request would be in the best interest of the United States. The Embassy recommends, therefore, that the Department should seek to obtain for Japan the requested line of credit of $100 million.

If the Export-Import Bank of Washington is not favorably disposed toward the extension of lines of credit, particularly for the purpose of currency stabilization, it is suggested that the Department may wish to explore with the Treasury Department the possibility of utilizing for the purpose in question the currency stabilization fund which is under the control of the Treasury and in the past has been employed for such purposes. It is also possible that the Reconstruction Finance Corporation could be interested in the extension of such a line of credit. [2]

Sincerely yours,

NILES

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[2] In a memorandum of his conversation held with Ambassador Eikichi Araki on Aug. 10 in Washington, Frank Waring, Economic Counselor of the Embassy in Tokyo, stated in part that he had learned from both the Ambassador and from Her-

Continued

No. 579

Editorial Note

The text of NSC 125/1, "United States Objectives and Courses of Action With Respect to Japan", July 18, is identical to the text of NSC 125/2, August 7, except for paragraphs 7.c.(11) and 7.c.(12). For NSC 125/2, see Document 588. Paragraphs 7.c.(11) and 7.c.(12) of NSC 125/1 read:

"(11) Continue the understanding with the Japanese Government that it will maintain substantially its present export controls as part of its support of United Nations action in Korea, and that those controls will be maintained as long as there is Communist aggression in the Far East and while the United Nations is taking action against such aggression. In any event this understanding should be continued until a multilateral agreement has been reached as provided in paragraph (12) below.

"(12) Export controls to be maintained in the post-aggression period should be determined through agreement reached by immediate negotiation among the free nations principally interested in trade with the Far East areas of the Soviet bloc. [The United States should, in cooperation with Japan, the UK, France and Canada seek to establish a multilateral organization for consideration of Far Eastern economic defense measures. This organization should be expanded to include other countries having significant interest in the security problems of the Far East.]"

A footnote in the source text identifies the sentences in brackets as a "Defense–DMS–Commerce proposal." (S/S–NSC files, lot 63 D 351, NSC 125 Series)

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bert Gaston, Chairman of the Export-Import Bank, that the Bank was considering the establishment of a line of credit under which individual loans might be made to Japan. "I told the Ambassador that it had been the policy of the United States to suggest to member nations of the International Bank that they first attempt to obtain required funds from that institution and he reiterated his statement made to me on the evening of August 6 that he intended to write Governor [*President*] Black requesting that an investigating mission be sent by the Bank to Japan." (894.10/8–1052) Ambassador Araki had taken up his post in June.

Ambassador Araki and Ambassador Juichi Tsuchima, Financial Adviser to the Foreign Office, met with Acheson on Oct. 3. A portion of Young's memorandum of the talk reads:

"Ambassador Araki then stated that the Government of Japan desired financial assistance from the United States to assist in power and road development. I replied that the International Bank for Reconstruction and Development was the proper way to take up this question, and that I was gratified that the Bank is about to send a survey team to Japan, which both Ambassadors agreed would be helpful." (894.10/10–52)

No. 580

400.949/7-2152

Memorandum by the Deputy Director of the Office of Northeast Asian Affairs (McClurkin) to the Assistant Secretary of State for Far Eastern Affairs (Allison)

SECRET [WASHINGTON,] July 21, 1952.

Subject: Japanese Export Controls

Formal invitations have been issued to Japan, Canada, France, and the United Kingdom to meet in Washington on July 28 to adopt measures designed to gain our common objectives in the Far East, including organizational arrangements and initiation of desirable technical studies. Mr. Linder will head the United States delegation. Colonel Carroll Moffatt (Defense), Karl Anderson (Commerce), [1] Thayer White (NA), and perhaps Kenneth Hansen (ODMS) will be the other members. The chief of the Japanese delegation will be Mr. Ryuji Takeuchi, Minister of the Japanese Embassy. The other members will be Taichero Matsuo, Deputy Director International Trade Bureau, MITI; Haruki Mori, Chief, First Section Economic Affairs Bureau, Foreign Office; Shigeaki Yamishita, Export Section International Trade Bureau, MITI. We have not been informed by the British, French or Canadians regarding their delegations.

The British are maintaining strongly that Japan should be brought into the existing CG–COCOM structure and stated that France and Canada concur. Moreover, the latest telegram from London reported the British as having strongly desired the meeting to be held in London or Paris. Previous telegrams, however, only indicated that London or Washington would be preferable to our first choice, Ottawa. We have reached interagency agreement on the following initial proposal:

There would be a Far East Consultative Group (FE–CG) parallel to the existing Consultative Group, which would be redesignated the European Consultative Group (E–CG) with representation on the ministerial level. There would be a Far East–COCOM on a level equivalent to the existing COCOM, which would be redesignated the European COCOM. The FE–CG would deal on policy level with economic security measures having an important Far Eastern aspect. The FE–COCOM would deal on a working level with economic security problems within a policy context determined by the FE–CG. Both the FE–CG and the FE–COCOM would

[1] Karl L. Anderson, Deputy Director, Office of International Trade.

include countries having an important interest in Far Eastern economic security problems, including at least Japan, the United States, the United Kingdom, Canada and France. Countries would be represented in the FE-COCOM by officials having special competence in Far Eastern matters. The E-CG and the FE-CG would meet together jointly as a top policy group to consider security trade problems of common interest to Europe and the Far East.

Coordination of the two Groups would be accomplished by an exchange of information of subjects scheduled for discussion. The two Groups would proceed independently to handle issues within their respective areas of interest. Agreements reached in one Group would be promptly implemented; the other Group would be informed of the decision reached. The two Groups "will meet jointly to consider problems of common interest whenever either Group *or a member of either Group* believes such a problem exists." [2]

[Here follows an outline of the manner in which the proposed organization was expected to function.]

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[2] Source of quotation not identified.

No. 581

794.5/7-2452: Telegram

The Ambassador in Japan (Murphy) to the Department of State

TOP SECRET PRIORITY TOKYO, July 24, 1952—3 p.m.

329. Eyes only for Allison. No distribution outside Dept. Clark and I had an informal talk with Yoshida and Okazaki evening 23 July and outlined US concern over lack of clear-cut understanding re combined command of Jap and US forces in case of emergency and need for immediate organize planning for training and equipment of NPRJ and coordination between US and Jap forces.

As result of my conversation with Okazaki last week he had briefed Yoshida on problems so that latter expressed immediate assent on both points. [1] Yoshida said that former Gen Tatsumi wld be designated as point of contact with FEC for planning and coordination.

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[1] In telegram 1937 from Tokyo, Feb. 8, 1954, Allison reported on a conversation with Yoshida. (Allison had succeeded Ambassador Murphy on May 28, 1953.) The section on command arrangements follows: "Yoshida reaffirmed intention of Japanese Government that in case of emergency involving use of military forces in Japan, Supreme Commander would be US General. He explained necessity of keeping this confidential at present but there was no hesitation in his affirmation on this point." (794.5/2-854)

On third point which concerns housing for US mil adviser personnel at camps on battalion level which has been bothering Japs, Clark offered to make any reasonable arrangements to avoid local embarrassment. This seemed to satisfy Okazaki who had raised question in our conversation last week.

Later on in evening Okazaki stressed he had taken pains to explain command and planning problems very carefully to Yoshida who said he understood them fully and is in agreement. I said also that as Yoshida had never told me frankly how he felt about Art 9 of Jap Constitution I wondered what he planned to do about it. Okazaki replied that after elections and depending on circumstances Yoshida is determined to work for and will accomplish a Constitutional amendment. As a matter of fact he said as things now stand only JCP and left-wing Socialists are opposed to Jap rearmament; country at large realizes it must assume responsibility for its security. It is according to Okazaki a matter of timing and if Liberal Party is successful at polls as he believes it will be Jap Govt will take necessary action.

This was a most satisfactory and unequivocal conversation which terminated by Clark giving an outline of position at Panmunjom in which both Yoshida and Okazaki manifested keen interest. [2] Clark also referred to his recent conversation with Syngman Rhee in which Clark mentioned Jap desire to repatriate about 5,000 North Koreans, quoting Rhee as offering to receive them, intimation being that he wld know how to dispose of them.

MURPHY

[2] For documentation on the truce talks at Panmunjom, see volume xv.

No. 582

S/S–NSC files, lot 63 D 351, NSC 125 Series

Memorandum by the Joint Chiefs of Staff to the Secretary of Defense (Wilson) [1]

TOP SECRET WASHINGTON, 28 July 1952.

Subject: United States Objectives and Courses of Action with Respect to Japan

1. This memorandum is in response to your memorandum of 21 July 1952 in which you requested the comments and recommendation of the Joint Chiefs of Staff with respect to the draft statement

[1] Attached to a covering note dated Aug. 1 to the NSC, from its Acting Executive Secretary, Hugh D. Farley.

of policy by the National Security Council Staff on the above subject, contained in NSC 125/1. [2]

2. The Joint Chiefs of Staff concur in those matters in the draft statement of policy having military implications. However, they consider it appropriate to submit the following comments dealing primarily with the implementation of this policy.

3. The Joint Chiefs of Staff attach the highest importance to the proposed courses of action, set forth in subparagraph 7 b of NSC 125/1, [3] designed to assist Japan in developing the military forces which will be capable of assuming responsibility for defense of Japan against external aggression and in developing the military capabilities for participating in the defense of the free nations of the Pacific area. The early attainment of these objectives will, among other things, serve the two-fold purpose of:

a. Largely redressing the imbalance of military power now existing in the Far East; and
b. Relieving the United States of the burden of stationing large military forces in and about Japan for its defense.

4. The Joint Chiefs of Staff recognize that the development of Japan's military potential and her continuing Western orientation will be greatly influenced by the state of her economic well-being and that this in turn will be significantly affected by Japan's ability to retain access to her historic markets and the sources of food and raw materials in Southeast Asia. Viewed in this context, United States objectives with respect to Southeast Asia and United States objectives with respect to Japan would appear to be inseparably related. Moreover, the Joint Chiefs of Staff are of the opinion that Japan's security and Western orientation are of such importance to the United States position in the Pacific area that (1) in the implementation of NSC 125/1 and NSC 124/2 (United States Objectives and Courses of Action with Respect to Southeast Asia) the United States must take into full account Japan's dependence upon Southeast Asia for her economic well-being; and (2) the loss of Southeast Asia to the Western World would almost inevitably force Japan into an eventual accommodation with the Communist-controlled areas in Asia.

For the Joint Chiefs of Staff:
OMAR N. BRADLEY
Chairman

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[2] See Document 579.
[3] Identical to subparagraph 7b in NSC 125/2, Document 588.

No. 583

794.5/7-2952: Telegram

The Secretary of State to the Embassy in Japan [1]

TOP SECRET PRIORITY WASHINGTON, July 29, 1952.

307. Eyes only Murphy. Urtel 329. [2] Dept assumes that you have seen CINCFE's C 52588, Jul 26 [3] in which he states that Okazaki has stated to General Hickey that Jap Govt wld like issue of heavy equipment to JNPR to begin during Diet recess, shortly after Aug. 1 and requests specific authority to issue such equipment at early date and under finan arrangements as favorable to Jap as can be made under law. In view ur comment last para urtel 660 [4] Dept assumes this action agreeable to you. If otherwise, pls advise Dept immed. Dept wishes be sure any effect on Jap domestic situation recognize here.

Re legal authority issuance heavy equipment to JNPR, in view fact there is no approved statutory program at this time for transfer heavy equipment to Jap on a grant aid basis, Defense is seeking authorization of President in accordance with his authority as President and Commander-in-Chief Armed Forces to make loan as a matter of mil necessity. Presidential authorization expected within few days at which time advantage can be taken of Diet recess to initiate transfer on basis memo receipt.

In addition to possible polit reactions in Jap, such release may have polit repercussion in various interested friendly countries particularly in FE. Therefore, upon receipt Presidential authorization Dept planning call in reps Austral, Canad, Fr, NZ, Phil, and UK (those govts which in Nov 1951 were consulted re estab Jap-manned coastal security force and rotation JNPR in US bases Jap for training in use heavy equipment) and inform them of US intention to transfer heavy equipment to Jap Govt for use JNPR. Anticipated that FonMins of Austral, NZ will be similarly informed in course ANZUS meeting Honolulu.

Present view here is that transfer shld not be confirmed officially for security reasons. However as transfer must be expected shortly to become public knowledge, Dept considering advisability issuance press release. Dept urgently requests ur comments as to advisability issuance press release, treatment of subj, locus of issu-

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[1] Drafted and approved for transmission in NA; cleared in L/SMA and by Johnson and Allison in FE.

[2] Document 581.

[3] Not printed.

[4] Document 574.

ance—Tokyo or Washington and by whom—CINCFE, yourself, State or Defense. [5]

You may wish discuss this tel with Clark. Defense informed in substance. [6]

ACHESON

[5] In telegram 407 from Tokyo, July 30, marked "Eyes only for Allison", Ambassador Murphy stated that he had seen C 52588 and that the action contemplated in it was agreeable to him. Although the program would be "approved" by Japanese public opinion, it should be gradually initiated. If possible, knowledge of it should spread "very gradually". There should be no press release and consultation with other governments should be avoided or postponed. General Clark concurred in all these views. (794.5/7–3052)

[6] In telegram 347 to Tokyo, Aug. 1, the Department reported that the President had granted authorization for the transfer of heavy equipment to the JNPR and that the Departments of State and Defense were agreed that such transfers should begin immediately. (794.5/8–152)

No. 584

400.949/8–452

Memorandum by the Director of the Office of Northeast Asian Affairs (Young) to the Deputy Assistant Secretary of State for Far Eastern Affairs (Johnson)

SECRET [WASHINGTON,] August 4, 1952.

Subject: Brief Résumé of the Five Country Meeting on Export Security Controls [1]

The work of the conference fell into two parts—(1) the multilateral discussions and (2) bilateral discussions with the Japanese regarding the future level of Japanese controls on trade with Communist China.

It became clear at the first substantive meeting of the full conference that the United Kingdom, France and Canada would not agree to the establishment of a separate Far East organization. In fact, Berthoud, the British representative, had very inflexible instructions on this point. [2] The remainder of the multilateral discus-

[1] The meeting took place in Washington July 28–Aug. 2.

[2] In telegram 396 from London, July 22, the Embassy listed the following points as the basis of the British position: "(1) Jap requested admission COCOM and if it is to be member of free world request should be granted. (2) If general Far Eastern trade were discussed Japan would inevitably be in position make its agreement on controls subject to guarantees by free world of supplies normally obtained from China. (3) While desirous have Japan accept US-UK standards, emphasized that no controls higher than those which were generally agreed could be maintained for more than a short time since maintenance would result in sacrifice by one PC of trade which would be taken by another without gain in denial to bloc." (460.509/7–2252)

sions were devoted to an attempt to reach agreement on the establishment of a permanent working group to be established by COCOM on instruction from the Consultative Group. In these meetings the United States attempted to obtain as much autonomy for this committee as possible, while the other three Western countries attempted to tie it closely to COCOM. Japan would be invited immediately to join the Consultative Group, the COCOM and, as a country having a substantial interest in trade with China, the new China Committee. [3] The Japanese took little part in these discussions. The recommendations of the five participating countries are set forth in the attached memorandum entitled "Agreed Recommendations to Member Countries of the Consultative Group". [4]

The other agencies were greatly disappointed in their inability to obtain a separate Far East organization and they believed it to be more necessary than ever to obtain a side commitment from the Japanese to the effect that Japan would continue to maintain substantially its existing level of controls on trade with Communist China. In fact, Colonel Moffatt received instructions from the Secretary of Defense directing him to obtain such a commitment as a condition precedent to agreement to something less desirable from their point of view than a separate Far East organization.

Mr. Takeuchi had indicated in a conversation with Mr. Linder on July 28 that the Japanese Government assumed that the level of Japanese controls would be a proper subject of discussions in the five-country meeting. When they were informed that this was not a proper question for discussion, they requested immediately a bilateral discussion. Mr. Takeuchi said that his instructions were to discuss the level of control question in the multilateral meeting and if this could not be done it would be necessary to have some kind of a side understanding. The proposed discussions were agreed to and have progressed amicably. Tentative agreement has been reached in principle. Complete agreement depends on a mutual examination of the commodities not included on the United States Security Lists to determine whether they should be embargoed or be subject to the administrative discretion of the Japanese.

Mr. Linder informed Mr. Takeuchi on July 31 that because the United States was not going to succeed in obtaining the agreement of the other countries in a separate Far East organization and because the other agencies of the United States Government believed strongly that such an organization would assist in maintaining ade-

[3] The decision to establish this committee had been taken at the five-country meeting.

[4] Not printed. Its principal recommendations were that Japan be invited "immediately" to join the Consultative Group and the COCOM and that the China Committee be set up.

quate export controls against Communist China, they were insisting upon some assurance that Far Eastern controls would not be weakened. For that reason, he said, it was necessary for him to have an exchange of letters with Mr. Takeuchi under which the Japanese would commit themselves to (1) embargo items on the United States Security Lists, (2) embargo an additional list of items found to be readily determinable as of strategic importance to Communist China and (3) license items suspected to be of strategic importance to Communist China in return for essential commodities. Mr. Takeuchi protested against giving such a commitment as the price of obtaining membership in COCOM and, it was only after intense pressure brought by Mr. Linder, Mr. Waring and Mr. White, together with a telephone call by you, that at 2:00 a.m. Friday night, Mr. Takeuchi agreed to the exchange of letters (Attachment II). [5] Mr. Takeuchi was greatly disturbed because he said that his instructions were "primitive" and in doing so he was acting in large degree upon his own responsibility.

Mr. Takeuchi said it would be extremely helpful to him if he could have "a side agreement on Hong Kong". The points included in Attachment III [6] were tentatively agreed to by Messrs. Waring and White and accepted by the United States Delegation in a meeting on Saturday morning.

Mr. Takeuchi wished to release to the press immediately information regarding the items on which agreement had been reached that Japan could relax controls. All of the members of the United States Delegation thought this would be very undesirable. Mr. Takeuchi was requested to wait at least a week before making the public release on this point in order to avoid the implication: (1) that the Japanese Government was taking action as a result of a decision reached at the five-country meeting or (2) in agreement with the United States. If the impression were received by the United States public and Congress, pressure might be brought on the interested agencies which would cause them to take an excessively restrictive position in the bilateral negotiations. Mr. Takeuchi refused, despite considerable pressure, to change his press release or delay the timing of its issuance. He did agree to delete two phrases which would indicate the action was being taken in agreement with the United States. (See Attachment IV) [6]

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[5] The exchange of letters, dated Aug. 2, did not represent final agreement, which was reached on Sept. 5. See circular telegram 321, Document 599.

[6] Not printed.

No. 585

Secretary's Staff Meetings, lot 63 D 75

Notes of the Secretary of State's Staff Meeting [1]

[Extract]

SECRET
SM N-55

[WASHINGTON,] August 5, 1952—9:30 a.m.

. . . . . .

Japanese Export Controls

3. Mr. Bohlen reported that there is an NSC paper on Japan, [2] part of which concerns export controls which Japan should adopt. State and Defense have a basic disagreement which probably will not be resolved in the NSC Senior Staff, and there may be a split paper going to the NSC itself. Defense is not willing to accept the exchange of letters which we have prepared to use with the Japanese. [3]

4. Mr. Linder reviewed the recent five-power meetings and the bilateral meetings which were held with the Japanese on export controls. We were cognizant of Defense's desire to have Japan retain all export controls which it had prior to its independence. We tried to move generally in that direction and were successful in getting Japan to agree to control items which are on the U.S. security list and to negotiate on a sizeable number of other items for possible control. Three categories of matériel are affected: (a) strategic materials which the Japanese would be required to embargo, with occasional exceptions; (b) lesser strategic materials which would be embargoed with administrative discretion; and (c) all other materials which the Japanese could do as they wished. We feel that we have gone as far as we can with the Japanese and the remaining items involved must be left up to bilateral negotiations. Mr. Bohlen pointed out that the Defense Department will not accept this position because they feel that this position would control fewer items than were formerly controlled. We feel that it is hopeless to go back to this former control listing. Mr. Linder pointed out that if we attempt to obtain a more rigid listing of materials, undoubtedly the Japanese would appeal to the British and French, which, of course, would involve us in other problems which we hope to avoid at the present time.

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[1] Acting Secretary Bruce presided at this meeting.
[2] NSC 125/1; see Document 579.
[3] See the memorandum by Young, *supra*.

5. Mr. Martin pointed out that if we get a longer list it would create problems when Japan becomes a member of COCOM, because at that time Japan will see the less rigid listing of materials which affect the Europeans. Also, they will see how this operation is used to subsidize certain aspects of the European economy and the Japanese may ask for some assistance. Mr. Bruce felt that we had been extremely successful in our negotiations with the Japanese, especially in view of the fact that the Japanese accepted a far more extensive listing than any of our European allies have accepted. He asked for a memorandum on this subject.

. . . . . .

No. 586

S/S–NSC files, lot 63 D 351, NSC 125 Series

Memorandum by the Assistant Secretary of State for Far Eastern Affairs (Johnson) to the Acting Secretary of State

TOP SECRET [WASHINGTON,] August 5, 1952.

Subject: Briefing Memorandum on NSC 125/1: United States Objectives and Courses of Action with Respect to Japan

President's Request

In approving NSC 125, the "Interim Policy with Respect to Japan" and the "Interim Directive to the Commander-in-Chief, Far East, Concerning the Joint Committee Provided in the Administrative Agreement with Japan", the President on February 20, 1952 requested the National Security Council as soon as possible, to prepare a policy report on Japan for his consideration. [1]

State–Defense Collaboration on Drafting

The preparation of the report called for by the President was undertaken jointly by the Departments of State and Defense under the interdepartmental agreement of September, 1951 to review jointly security policies affecting Asia. [2] In this connection, NSC 125/1 will supersede paragraph 10 of NSC 48/5, "United States Objectives, Policies and Courses of Action in Asia". [3] The preparation

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[1] See footnote 1, Document 512.

[2] This agreement is in the form of a joint memorandum from the Secretaries of State and Defense to Lay, dated Sept. 5, 1951, not printed. It is the enclosure to a memorandum dated Sept. 11 from Lay to the Council, also not printed. (S/S–NSC files, lot 63 D 351, NSC 48 Series) For further information, see the Progress Report dated Sept. 25, 1951, *Foreign Relations*, 1951, vol. VI, Part 1, p. 80.

[3] Dated May 17, 1951. For text, see *ibid.*, p. 33.

of the report encountered no serious difficulties other than the still unresolved problem of export controls.

Consequently, a State–Defense draft [4] containing the separate views of the two Departments on the question of export control was submitted to the NSC Senior Staff. Discussions in the NSC Senior Staff and among their Staff Assistants resulted in clarification of certain aspects of the paper. The Department accepted the proposal of other participating agencies that the implementation of the courses of action enumerated in the paper should, where suitable, be explored by the Department in consultation with the Departments of Defense and Commerce, the Office of the Director for Mutual Security, the Office of Defense Mobilization and other appropriate agencies, and that the main elements of such a program should be reported back to the National Security Council at the earliest possible time.

The question of export controls remains unresolved and will be discussed in a supplementary memorandum which will be prepared after the meeting of the NSC Senior Staff this afternoon.

Views of the Joint Chiefs of Staff

On August 1, 1952, [5] the Joint Chiefs of Staff indicated their concurrence in these matters in the draft statement of policy having military implication and called particular attention to the relationship between United States policies toward Japan and United States policies toward Southeast Asia in view of Japan's dependence upon Southeast Asia for her economic well-being and the effect of the loss of Southeast Asia on Japan.

Summary of NSC 125/1 [6]

The Department in preparing the analysis of the problem with respect to Japan considered, in the light of United States security interests, the three possible positions that Japan might assume in the future in the Pacific area: (1) a Japan with little or no military power, dependent upon the United States for defense; (2) a resurgent Japan, rearmed, dominant in the Far East and not allied with the United States; (3) a Japan restored to a position of power, capable of securing its own defenses and of contributing to the security and economic stability of the free countries of the Far East, and allied with the United States. The first course of action was ruled out as impractical. The second was ruled out as potentially danger-

[4] State–Defense drafts dated June 19 and June 25, neither printed, were submitted to the NSC Senior Staff. (Both in NA files, lot 58 D 529)

[5] Actually on July 28; see Document 582.

[6] The analysis of alternatives outlined here is actually a summary of part of the Annex to NSC 125/1, an NSC Staff study dated July 23, 1952, not printed. (S/S–NSC files, lot 63 D 351, NSC 125 Series)

ous, and prejudicial to the security of the Far East and United States relations with other nations in the area, in view of the possibility that Japan might try to take advantage of the United States-U.S.S.R. conflict in an effort to restore its influence on the continent of Asia and might conclude that accommodation with Communist-controlled areas in Asia would best serve Japanese interests. Recognizing an initial identity of interests between the United States and Japan, the continuing threat of Soviet and Chinese Communist power in the Far East, Japan's power potential, Japan's relationship with the other countries of Asia, the internal situation in Japan, and certain natural limitations on the development of military power by Japan, it was felt desirable to develop courses of action whereby Japan would be assisted in the development of its armed forces, enabling it to secure its own defense and to contribute to the security and economic stability of the free countries of the Far East in alignment with the United States. Because of Japan's dependence upon the countries of Southeast Asia for raw materials and markets, it was believed that Japan should be encouraged to participate in the economic development of the free nations of the Pacific on the understanding that Japan did not become a dominating influence in the area prejudicial to the independence and security of these nations. It was also recognized that an identity of interests between the United States and Japan could best be retained were the principle and practice of representative government strengthened in Japan and were the United States to respect Japan's status as a sovereign independent state and to recognize Japan's legitimate economic needs.

Recommendation

It is recommended that you approve NSC 125/1.

No. 587

S/S–NSC files, lot 63 D 351, NSC 125 Series

Memorandum by the Deputy Assistant Secretary of State for Economic Affairs (Linder) to the Acting Secretary of State

TOP SECRET [WASHINGTON,] August 6, 1952.

Subject: Japanese Export Controls on Trade With China—NSC 125/1

An issue has developed with Defense over the wording in NSC 125/1 setting forth United States policy objectives with respect to

Japanese export controls on trade with communist China. Split versions have accordingly been submitted to the NSC. [1]

The substantive difference between the two Departments is this: Defense wants us to continue to put pressure on Japan to maintain substantially intact the complete embargo on all exports to communist China, including exports of non-strategic goods, which was instituted during the period of the Occupation. The Department believed our policy aim should be to limit the embargo to strategic items and that the Japanese should be permitted to relax controls on the export to China of non-strategic goods. There are several reasons why we feel the Defense version should be strongly opposed:

1. We have within the last two weeks reached an understanding with the Japanese, which has been set out in an exchange of notes, [2] that they will embargo all items on the United States security lists plus such other items as we and Japan agree should be embargoed on strategic grounds. This is a higher level of control than that exercised by any country other than the United States. This understanding implicitly provides leeway for the export of non-strategic goods. If we now put pressure on Japan to embargo all items (using as a sanction for this purpose our own controls on exports to Japan) American good faith in entering into this agreement will be brought into question.

2. Defense and Commerce recognize through familiarity with recent negotiations that with Japan's present sovereignty there is no practical hope of obtaining agreement on embargo of items of other than strategic value. This is substantially more than the Japanese expected to give—having arrived here with the notion that they would not accept more than the level of controls agreed multilaterally.

3. Some degree of trade between Japan and China is essential to the economic viability of Japan, which is set forth as an objective of United States policy elsewhere in NSC 125/1. JCS recognizes the economic well-being of Japan will greatly influence her military capabilities.

4. A rigid embargo on all Japanese exports to China will intensify Japanese competition in free-world markets and make more difficult our efforts to bring Japan back into the free-world trade community. Fear of vigorous Japanese competition has led the British, the Australians, the Canadians and others to oppose our policy of promoting fair and equitable treatment of Japanese trade. If we cannot develop reasonable trading outlets for Japanese exports, both in communist China and elsewhere, we may well be faced with demands from Japan for some kind of foreign aid for which Congress is not prepared.

5. The Defense policy objective would get us into a situation of constant haggling with the Japanese Government over the embar-

[1] See Document 579.

[2] See Young's memorandum to Johnson, Document 584.

go of particular items, with the United States threatening at each stage to clamp down on United States exports to Japan. We know from past experience that this sort of relationship would become a source of serious irritation and would adversely affect the achievement of other objectives in our relations with the Japanese. In the case of Japan this kind of pressure would produce a special political hostility to the United States because it would be claimed by many Japanese that the United States was attempting to continue its dominance over Japan in the period of independence.

6. There is no substantial security objective to be served by maintaining an embargo on exports to China of non-strategic items. The sole purpose of a complete embargo, such as the United States applies, is one of moral condemnation. In the case of Japan the importance of this end is far outweighed by the other economic and political factors mentioned above.

Recommendation:

That you support the State version of the policy objectives limiting Japanese export controls to strategic goods.

No. 588

S/S–NSC files, lot 63 D 351, NSC 125 Series

Note by the Executive Secretary (Lay) to the National Security Council

TOP SECRET — WASHINGTON, August 7, 1952.

NSC 125/2

UNITED STATES OBJECTIVES AND COURSES OF ACTION WITH RESPECT TO JAPAN

References:

A. NSC 125, NSC 125/1 and Annex to NSC 125/1

B. Memos for NSC from Executive Secretary, same subject, dated August 1 [1] and August 7, 1952 [2]

C. NSC Action No. 660 [3]

D. NSC 48/5

The National Security Council, the Secretaries of the Treasury and Commerce and the Acting Director of Defense Mobilization, at the 121st Council meeting with the President presiding, considered NSC 125/1 on the subject and adopted it, subject to the amendment

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[1] This memorandum transmitted the JCS memorandum, Document 582, to the NSC.

[2] Not printed; it is a formal notification to Council members of the President's approval that day of NSC 125/2.

[3] This action, taken at the Council meeting held on Aug. 6, is described in the first paragraph of Lay's note. (S/S–NSC (Miscellaneous) files, lot 66 D 95)

of subparagraphs (11) and (12) on pages 15 and 17 thereof, together with a footnote to subparagraph (11) [4] (NSC Action No. 660).

NSC 125/1, as amended and adopted by the National Security Council and subsequently approved by the President on August 7, 1952, is transmitted herewith at the direction of the President for implementation by all appropriate executive departments and agencies of the U.S. Government under the coordination of the Secretaries of State and Defense.

In approving the enclosure, the President further directed that the general structure of a U.S. program to implement the courses of action enumerated in paragraph 7 of NSC 125/2 should, where suitable, be explored by the Department of State in consultation with the Departments of Defense and Commerce, the Office of the Director for Mutual Security, the Office of Defense Mobilization and other appropriate agencies, and that the main elements of such a program should be reported back to the National Security Council at the earliest possible time.

The enclosed report accordingly supersedes NSC 125, "Interim Policy With Respect to Japan", and paragraphs 6.–c. and 10 of NSC 48/5.

JAMES S. LAY, JR.

[Enclosure]

STATEMENT OF POLICY PROPOSED BY THE NATIONAL SECURITY COUNCIL ON UNITED STATES OBJECTIVES AND COURSES OF ACTION WITH RESPECT TO JAPAN

GENERAL CONSIDERATIONS

1. Estimates

The United States should proceed in its determination of policy with respect to Japan on the basis of the following estimates:

a. Japan will maintain a close alignment with the United States at least through 1954.

b. Japan's basic national objectives will be to rebuild its national strength and to enhance its position in the Far East. The most probable long-term prospect is that Japan will seek to increase its

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[4] An unsigned memorandum for the President dated Aug. 7, contains a summary of the discussion at the NSC meeting held the previous day. It includes a one-sentence summary of the consideration of NSC 125/1: "Mr. Bruce, Secretary Lovett and Secretary Sawyer discussed the draft proposals for eliminating the split views on subparagraphs (11) and (12) on pages 15 and 16 of NSC 125/1, and agreed on a modification that was then accepted by all present." (Truman Library, Truman papers, President's Secretary's file)

freedom of action in Asia within the framework of a generally pro-Western orientation.

c. Japan will take all feasible military measures to defend its territory from attack and the United States and Japan will develop combined measures to maintain Japan's security.

2. United States security interests in the Pacific area

a. The security of Japan * is of such importance to the United States position in the Pacific area that the United States would fight to prevent hostile forces from gaining control of any part of the territory of Japan.

b. It is in the interest of the United States to assist Japan rapidly to develop (1) the means for its own defense, thereby relieving the United States of sole responsibility for Japan's security, and thereafter (2) the capability to contribute to the defense of other free nations of the Pacific area.

c. The United States should encourage and assist Japan to rearm itself with conventional weapons. It is important for United States security interests that this policy be related, in terms of timing and nature of assistance, to such factors as the political situation in the Far East, the internal situation in Japan, relations between Japan and other Far Eastern countries, and to the ways in which the United States desires to influence these situations and relations.

d. The United States security interests will require long-term retention of bases in the Ryukyu and Bonin Islands in view of the eventual possibility that future Japanese governments may severely restrict or exclude United States use of military facilities in Japan proper. Extremely careful preparation, including consultation with the Japanese Government and efforts to influence Japanese public opinion, will be required on whatever long-term arrangements the United States decides to put into effect regarding the Ryukyus to prevent this from becoming such an acute issue in Japanese domestic political affairs as to affect Japan's relations with the United States.

e. For the foreseeable future it will be in the interest of the United States to maintain adequate armed forces in the Pacific area and to encourage appropriate arrangements in the Far East which would strengthen the security of Japan, the Ryukyus, and other areas vital to U.S. defense.

3. The power position in the Pacific area

a. The military capability of Soviet and Chinese Communist forces in the Far East presents a major threat to Japan and to the

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* Japan is a part of the off-shore U.S. defense line which also includes the Ryukyus, the Philippines, Australia and New Zealand. [Footnote in the source text.]

security of the United States in the Pacific area. A sovereign Japan faces a power complex in which the USSR and the United States each possesses military potential far superior to that of Japan. However, it is probable that Japan will in time develop sufficient power to become a major element in Far Eastern affairs.

b. For at least the immediate future Japan will be aligned with the United States and largely dependent upon the United States for security from external attack and for economic stability. It is in the interest of the United States that Japan rapidly develop the capability for self-defense and that, in the face of Soviet and Chinese Communist power in the Far East, Japan's military strength be developed to the extent that it can contribute significantly to the security of the free nations of the Pacific area and of the northern portion of the off-shore island chain.

c. Japan will increasingly seek to achieve an independent role in Far Eastern affairs. Japan's flexibility of maneuver and freedom of choice will increase as Japan develops the capability for self-defense and economic and military self-support. In this situation Japan's policies and actions will be determined on the basis of Japan's conception of self-interest, and this conception may come into conflict with the interests of the United States.

d. Japan may try to take advantage of the United States–USSR conflict; desiring to restore Japanese influence on the continent of Asia and to regain the advantages of China trade, Japan might conclude that an accommodation with Communist-controlled areas in Asia would serve Japanese interests. The extent and nature of this "accommodation" would be conditioned by Japan's ability to satisfy its economic needs through relations with the free world and her international undertakings in the field of export controls.

e. The continuance of Japan's alignment with the United States will depend in large degree upon maintenance by the United States of a strong military posture in the Pacific and the pursuance of policies by the United States and other free nations which encourage the growth in Japan of basic economic strength and the close participation by Japan with the United States in developing satisfactory security relationships among all the non-Communist countries of the Pacific area and satisfactory economic relationships both among them and between them and other parts of the free world. It is also possible, however, that even without an accommodation with Communist influence in Asia, the Japanese will attempt to build up a paramount position of influence in the Far East to the detriment of the independence of the other free nations of the Far East and contrary to the interests of the United States.

4. The relationship between Japan and the United States

a. For the time being the security interests of Japan and the United States in the Pacific area are generally parallel. The United States should act in such a way that this mutuality of interest, which is necessary to effective cooperation, is maintained and that Japan is convinced of its reality. The achievement of this result will require, among other things, maintenance of a strong United States power position in the Pacific, respect for Japan's status as a sovereign independent state, and the development and implementation of policies designed to accord Japan opportunities for the satisfaction of legitimate economic needs.

b. It should be the policy of the United States to encourage the development and strengthening by Japan of the principles and practices of representative government. It is in the interest of the United States to avoid actions which would have the effect of undermining the stability and popular position of the responsible pro-Western political forces in Japan. The United States should not interfere in Japanese domestic affairs except to carry out Article I of the United States–Japan Security Treaty.

5. Japan's Position in the Pacific

a. A strong, stable and independent Japan restored to an influential position in Asia could be the most effective ally of the United States in Asia, provided Japan's independent position is directed in the interest of the free world and does not lead to a growing isolation from the West, either in an attempt to play off the USSR and the United States or to dominate the other countries of Asia. South and Southeast Asia would probably accept the restoration of Japan to a position of power in order to contain the Communist bloc, as long as there is a balanced distribution of power in the region so that Japan does not become a dominating influence.

b. In the long run, Japan's access to raw materials and markets for her exports will significantly affect Japan's basic orientation. At present Japan has a comfortable foreign exchange reserve position and may expect sizeable dollar earnings from military expenditures for at least two years. Over the longer term, however, Japan's position requires that every effort be made to expand Japan's earnings from normal commerce and from programs of U.S. military and economic assistance to other countries, with a view to avoiding, if possible any requirement for direct economic assistance; at the same time should these measures prove inadequate, consideration should also be given to the provision of direct economic assistance when and if necessary.

c. United States policy should aim to encourage Japanese participation in the economic development of the free nations of the Pa-

cific. Satisfactory economic arrangements between Japan and South and Southeast Asia will strengthen these areas against Communist exploitation.

d. In the relations between Japan and the other nations of Asia, the United States should not appear as a sponsor or advocate of Japan as against any of the other free nations. The United States should resist any design by Japan to serve as a broker between the United States and Asia or to restrict the United States position in Asia. However, the United States should seek to facilitate the difficult adjustments arising from Japan's return to the international community through the exercise of the U.S. position of leadership among the nations of the Pacific area and as a moderating or, if necessary, mediating influence.

e. As a long term policy, the United States should encourage and where desirable participate in collective security arrangements in the Pacific area which would include Japan as an important member. Such arrangements would facilitate Japan's contribution to the security and economy of the free nations of the area, would encourage Japan's adherence to the free world, and would tend to allay fears among Pacific nations of a resurgence of Japanese ambition to dominate Asia.

OBJECTIVES

6. In accordance with the general considerations above, the United States should seek in Japan the following objectives:

a. Preservation of the security and independence of Japan;

b. A Japan allied to the United States;

c. A prosperous Japanese economy with satisfactory economic relationships, particularly those providing access to sources of food, raw materials and markets, between Japan and other free countries;

d. A politically stable Japan maintaining the principles of representative government;

e. A Japan capable of defense against internal subversion and external aggression;

f. A Japan willing and able to contribute to the security of the Pacific area;

g. The development of Japan's industrial potential as a source of supply for the free world;

h. The inclusion of Japan in arrangements in the Pacific area for purposes of mutual security and economic benefit;

i. The obtaining of Japanese membership in the United Nations.

COURSES OF ACTION

7. With respect to Japan, the United States should pursue the following courses of action in lieu of those contained in Paragraph 10 of NSC 48/5:

a. *Political*

(1) Strive to maintain a political relationship of trust and confidence between Japan and the United States, observing the principle of consultation between United States and Japanese authorities on matters related to all inter-governmental arrangements and agreements, and avoiding acts which interfere in Japanese domestic affairs, except to carry out Article I of the United States–Japan Security Treaty.

(2) Take such steps as are feasible to achieve membership for Japan in the United Nations and other international organizations.

(3) Negotiate with Japan on behalf of the Unified Command, the establishment of appropriate rights and responsibilities for all United Nations forces engaged in the Korean action when within the national boundaries of Japan.

(4) Encourage Japan and other free countries of the Pacific area to develop relationships which will contribute to their security and the development of their economic ties through such arrangements as may be determined to be consistent with the interest of the United States.

(5) Encourage Japan to preserve and maintain the principles and practices of representative government.

(6) Encourage and appropriately assist Japan to deal with the internal communist menace in ways believed most effective and desirable and encourage Japan to reach a realistic appraisal of the dangers inherent in "business as usual" relationships with the Soviet Union and Soviet-dominated Communist governments.

(7) Conduct in Japan an information, cultural relations, and other psychological programs designed among other things to create and develop in the Japanese Government and people recognition and understanding of the basic mutual interests of the United States and Japan and one which will combat the misconceptions widely circulated by Soviet propaganda agencies.

(8) In order to strengthen friendly relations between United States personnel in Japan and the Japanese people, maintain procedures for minimizing friction and settling disputes between instrumentalities of the United States and Japanese (particularly in the case of employer-employee relationships) and conduct continuing orientation and information programs among U.S. personnel stationed in Japan.

b. *Military*

(1) The long-term military requirements of the United States in and about the Ryukyus, Bonins and other islands covered by Article III of the Peace Treaty with Japan, will be sought in accordance with recommendations to the President by the Departments of State and Defense.

(2) Assist Japan to develop military forces which will eventually be capable of assuming responsibility for defense of Japan against

external aggression. As a first stage, assist Japan to develop a balanced ten-division ground force and appropriate air and naval arms.

(3) Assist Japan, upon completion of the foregoing and in the light of circumstances then prevailing, to develop military capabilities for participating in the defense of the free nations of the Pacific area, keeping under constant review the nature and timing of assistance which will best serve the security interests of the United States.

(4) Until Japanese forces are adequate for the defense of Japan, maintain in and around Japan United States forces in sufficient strength so that, in collaboration with Japanese forces, they can secure Japan against external aggression, and enter into agreement with Japan as soon as possible to establish working arrangements which will permit, in event of hostilities or the imminent threat thereof, the creation of effective combined forces.

(5) Continue to maintain forces in Japan for the support of United Nations operations in Korea, so long as they are required.

(6) Encourage Japan to develop the industrial capacity to produce such military equipment and supplies as are determined to be in the United States interest for Japan to produce.

c. *Economic*

(1) Facilitate the achievement by Japan of an economy which is self-supporting, expanding and capable of maintaining adequate living standards, supporting the defense of Japan, and contributing to the defense of the Pacific area.

(2) Keep Japan's internal and external financial position under constant review in connection with United States security objectives, including in the review the possibility of rendering appropriate economic assistance if necessary.

(3) Encourage the expansion of international trade on a non-discriminatory, multilateral basis between Japan and other free nations, through the general lowering of tariffs and other governmentally imposed trade restrictions in accordance with the principles of GATT. In particular, the entry of Japanese goods into the United States market should be facilitated.

(4) Encourage the reestablishment of mutually beneficial business relationships between United States and Japanese nationals through the development of trade and investment opportunities.

(5) Utilize Japan to the extent practicable in the interests of the United States as a source of supply on a commercial basis for equipment and supplies procured for U.S. armed forces or under United States aid programs for other countries.

(6) Seek to prevent Japan from becoming dependent on China and other Communist-dominated areas for essential food and raw material supplies through stimulation of Japan's trade with other free nations and through implementation of programs designed to develop sources of supply for Japan among the free nations.

(7) Encourage Japanese contribution to the economic development of countries of South and Southeast Asia through participation in arrangements, including especially those dealing with trade and investment, formed for the purpose of increasing the economic strength and political stability of the Far East.

(8) Encourage the expansion, rehabilitation and modernization of Japan's industries on a sound economic basis so as to increase Japan's export potential and to improve its competitive position in world markets.

(9) Encourage Japan to maintain a free, competitive economy and to carry on its foreign trade and commerce in conformity with internationally accepted fair trade practices.

(10) Seek adequate financial and material contribution by Japan to mutual security objectives, having due regard for the political sensitivities of the Japanese Government and people and for the essential requirements of the civilian sector of the Japanese economy.

(11) Continue the understanding with the Japanese Government that:

(a) it will retain under export control substantially the same list of commodities which it now subjects to such controls;

(b) it will maintain its embargo on all items on the U.S. Security Lists (including the Battle Act [5] Lists) as well as those items which after careful review are judged to be of security significance to Communist China and North Korea at least so long as there is communist aggression in the Far East †; and

(c) the residual commodities now controlled by Japan will be restricted in such manner as the U.S. and Japanese Governments may agree represent a proper safeguard to their mutual security.

(12) Export controls to be maintained in the post-aggression period should be determined through agreement reached by negotiation among the free nations principally interested in trade with the Far East areas of the Soviet bloc.

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[5] For text of the Mutual Defense Assistance Control Act of 1951, approved Oct. 26, see 65 Stat 644.

† *Note:* It is understood that the statement in subparagraph (b) above constitutes the U.S. objective and the successful accomplishment of that objective will require that the U.S. and Japanese Governments agree bilaterally on the security significance of the items. [Footnote in the source text.]

No. 589

794.5/8–752

Memorandum of Conversation, by the Director of the Office of Northeast Asian Affairs (Young)

TOP SECRET [WASHINGTON,] August 7, 1952.

Subject: Loan of Heavy Equipment to Japan

Participants: Mr. David W. McNicol, First Secretary, Australian Embassy

Mr. R. Hunter Wade, First Secretary, New Zealand Embassy
Mr. Peter G. R. Campbell, Second Secretary, Canadian Embassy
Mr. F. S. Tomlinson, Counselor, British Embassy
Mr. Kenneth T. Young, Director, NA

I asked Mr. McNicol, Mr. Wade, Mr. Campbell and Mr. Tomlinson to come in on August 6 and 7 respectively, to bring them up to date on developments regarding the equipping of the Japanese Maritime Security Agency and the National Police Reserve.

I referred to the conversations of November 14 and 15 which Mr. Allison had held with them on the same subject [1] at which time he informed the representatives of these governments, the U.K., France and the Philippines, of the United States plan to bring personnel of the National Police Reserve to American bases in Japan on a rotation basis for basic training in the use of heavy military equipment under direct American supervision, and the plan to permit Japanese crews to operate Coastal Patrol craft under American control. At that time none of these governments had any objections. The time has now come, I stated, to move into the next phase of this limited rearmament program in order to make it possible for the Japanese to use light naval and heavy ground force equipment themselves. I summarized the legislation authorizing the loan of 18 PF's and 50 LSSL's to Japan [2] and informed the above representatives that this program is now being implemented. They had all read of it and believed their governments had the necessary details. Mr. Wade inquired as to whether or not these vessels were in addition to the ships referred to in the conversations of last November. I informed him that these were not in addition but constituted the total number of naval craft which the United States is now in the process of loaning to the Japanese Government.

As to the loan of heavy equipment to the Police Reserve, I explained that the United States Government has no statutory authority to undertake a grant aid program in Japan. Therefore, the President has decided to make a loan of such equipment to the Jap-

[1] For an outline of the presentation which may have been made by Allison at these meetings, see the attachment to the memorandum by McClurkin dated Nov. 8, 1951, to Dean Rusk, then Assistant Secretary of State for Far Eastern Affairs, in *Foreign Relations*, 1951, vol. VI, Part 1, p. 1396.

[2] For P. L. 467, approved July 8, 1952, authorizing the President to loan to Japan 18 patrol frigates and 50 landing craft provided prior agreement with Japan for their return was negotiated, see 66 Stat. 443.

For the agreement for the loan of U.S. naval vessels to Japan, with annex, signed at Tokyo May 14, 1954, see 5 UST 1014.

anese Government as a temporary measure. I informed them that the total number of heavy guns and light tanks would be approximately 500 of both categories. I emphasized at the same time that the total number of such heavy equipment would not be turned over *in toto* to the Japanese Government but rather would be loaned gradually in small lots. I pointed out that the Japanese Police Reserve is still far from organized on a divisional basis and that much training was necessary. I explained that the system of training at American bases had worked satisfactorily as far as it went but that it left much to be desired in developing Japanese defensive capabilities since it prevented artillery and tank units from training on a coordinated basis with the infantry.

The reason for the decision to make direct loans to the Japanese, I said, was to build up Japan's capacity for self-defense in view of the increasingly hostile and threatening security situation in the Far East. The United States Government views this loan as a logical development in the normal course of implementing the U.S.–Japan Security Treaty which provides that Japan will increasingly assume responsibility for its own defense against aggression.

I took particular pains to point out that the United States Government would make no public announcement of this loan of heavy equipment and would attempt to limit publicity on it in Japan and in the United States to the greatest extent possible within the powers of this government. I also noted that the loan of this heavy equipment eventually would reach public attention at which time the United States would say as little as possible but explain that such loan was a normal implementation of the U.S.–Japan Security Treaty and that it was relatively small in size. Mr. Campbell strongly approved of this course of action on public information aspects. Mr. McNicol and Mr. Wade each indicated that the less publicity the better from the point of view of their own countries.

I also indicated to these four representatives that the Department of State was fully aware of the repercussions which this loan of heavy equipment might have in other countries of the Pacific and Far East when it became public knowledge, and that we hoped that the governments and peoples of friendly countries of this area would understand the urgent necessity for this limited program. I mentioned that there are many limitations on Japan's ability to rearm—so many that in the view of the United States, Japan cannot become an aggressive threat to any nation in the Far East. On the contrary, the United States Government is concerned lest Japan's military weakness provoke aggression or create conditions of instability.

Mr. Wade acknowledged the logic of this position but pointed out that in New Zealand people are still apprehensive of any resur-

gence of militarism in Japan. They wish to be assured that Japan's growing military power will be under control. Mr. McNicol forcefully bespoke the fears and apprehensions of the Australian people in this respect.

I informed Mr. McNicol and Mr. Wade that this subject probably would be mentioned at the ANZUS meeting in Honolulu, although I did not know whether the matter would be discussed in any detail.

All four representatives expressed appreciation for the Department of State's consideration in informing their respective governments confidentially and in advance regarding this matter. Mr. McNicol emphasized the desirability of such consultation. Mr. Tomlinson told me that it would be of great help to his government in combatting adverse public opinion in various parts of the world with respect to Japanese rearmament if the United States Government would provide the U.K. with as much information on the expected development of Japanese defense forces as possible. Shortly after the conversations in mid-November with Mr. Allison, Mr. Tomlinson took up this point with him on instructions from London.

No. 590

Editorial Note

On August 11, the United States and Japan signed at Tokyo a Civil Air Transport Agreement with an Exchange of Notes relating to provisional application. For text, see 4 UST (pt. 2) 1948.

Documents on the negotiation of this agreement are principally in file 611.9494 for 1952.

No. 591

NA files, lot 54 D 539, I–5.5 Ryukyus

The Ambassador in Japan (Murphy) to the Assistant Secretary of State for Far Eastern Affairs (Allison)

CONFIDENTIAL

TOKYO, August 11, 1952.

DEAR JOHN: At the invitation of General Clark, I accompanied him on a visit to Okinawa July 24–25. We visited most of the military, air, and naval installations and I had the opportunity as well for an informative meeting, arranged by Vice Consul Thomas H. Murfin, with the leading Ryukyuan officials. We had the benefit of

thorough briefings, especially an instructive one by the Civil Administrator, General Lewis, and his staff. I had opportunity for discussions with Generals Clark, Beightler, [1] Stearley, and Lewis regarding their attitudes on the question of returning the Ryukyus, or part of them, to Japanese administration. I found that General Stearley, Commanding, 20th Air Force, was the least sympathetic in this regard although his interest relates primarily only to Okinawa and a few other islands of direct interest to the Air Force. For the rest, our military, and this is especially true of General Clark and General Lewis, Civil Administrator, there is an eagerness to see Amami Oshima and other islands north of the 27th parallel returned to Japanese administration. I know that if the question were put officially to General Clark as Commander-in-Chief, he would concur in a decision to return at least some of these islands to Japanese administration. In fact he is eager to do so.

What has surprised me since my arrival in Japan is the absence of public agitation on the subject. I have never been approached by people like Prime Minister Yoshida, Foreign Minister Okazaki, or any one else in the Japanese Government with a plea for the return of the Ryukyus to Japanese administration. The Embassy receives an occasional letter or petition, usually from private individuals or interested organizations. Perhaps the Japanese feel that it would be simply a waste of time on their part, or perhaps now that the issue of ultimate sovereignty is no longer at stake they have simply lost interest in the lesser question of administrative control, but the fact remains they have not raised the question urgently. In the Ryukyu Islands, however, the issue is still being stressed by editorials and press comment, public demonstrations, especially in the northern islands, inclusion in party platforms, and in resolutions by the legislature. On the other hand, the Japanese Foreign Minister has urged and continues to urge the return of former Japanese residents to the Bonin Islands.

My conclusion is that we should keep this matter on ice temporarily with a view to pressing for the return to Japanese administration of some or all of the islands north of the 27th parallel (i.e., roughly those which used to form part of Kagoshima Prefecture) at a time when a political gesture of this sort on our part would be profitable. We may be faced during the coming months with difficulties, and at such time a gesture could be most beneficial. In all of this I am assuming that the Joint Chiefs of Staff would not go whole hog and I am not recommending by any means that we return Okinawa itself, for example, to Japanese administration, at least for the immediate future. Here I believe the Air Force will be

[1] Maj. Gen. Robert S. Beightler, Deputy Governor of the Ryukyu Islands.

adamant and, when the entire strategic position of these islands is considered, I am in no position to say that the Air Force is wrong. Okinawa is vital to us and we should take our time in consideration of this question. This is particularly true as we are presently under no compelling pressure from the Japanese to return the islands. If such pressure develops later it may be at a time when the general strategic situation may have changed. We are making a tremendous investment in Okinawa in the form of permanent improvements and installations.

These are my rough views on the subject and I would appreciate, at some convenient time, the benefit of the Department's current thinking.

With warm regards and best wishes, I am

Yours sincerely,

BOB

No. 592

794.5/8–1452: Telegram

The Ambassador in Japan (Murphy) to the Department of State

TOP SECRET TOKYO, August 14, 1952—1 p.m.

587. Your telegram 426. [1] Department's point well taken regarding inconsistency between Japanese Government's expressed hope that there would be as little advance publicity as possible attached to loan heavy equipment for use JNPR and Yoshida's August 4 declaration. However inconsistency apparent rather than real.

I lunched with Yoshida last Thursday and he brought up matter explaining with obvious embarrassment that his declaration was not intended for publication. He said he had intended only to make confidential explanation to NPR representatives so that they would understand his policy. Publication resulted, he said, from scoop by unauthorized reporter for which Yoshida apologized.

Thus far reaction to Yoshida statement has been mild. As it is planned by FEC to commence release of heavy equipment on 15 August, it is hoped that no contretemps will intervene to delay program. Once program is launched it will of course be impossible to

[1] In this telegram, dated Aug. 11, the Department inquired concerning a speech delivered by Yoshida before members of the JNPR on Aug. 4, in which the Prime Minister had spoken of preparing voters for the announcement of the transfer of heavy weapons to it. The telegram concluded: "In view inconsistency with substance Tokyo's 407, Dept requests ur views." (794.5/8–1152) For a résumé of telegram 407, July 30, see footnote 5, Document 583.

avoid some publicity but this should develop gradually and after program under way.

MURPHY

No. 593

894.10/8-2052

Memorandum of Conversation, by Charles A. Sullivan, Director of the Policy Division, Office of Foreign Military Affairs, Department of Defense

SECRET WASHINGTON, August 20, 1952—3 p.m.

Subject: Visit of Japanese Ambassador Araki with Secretary Lovett

Participants: Secretary Lovett
Mr. Eikichi Araki, Japanese Ambassador
Mr. Charles A. Sullivan

Ambassador Araki expressed the best wishes of his Government to Secretary Lovett, and indicated that he was very happy to have the opportunity to meet with him.

Secretary Lovett and Ambassador Araki discussed their mutual interest in banking. The Ambassador noted that on two occasions in his banking career, from 1923–1926 and 1935–1937, he was in New York with the Bank of Japan. Secretary Lovett mentioned that from the reports appearing in the press, Japan's current financial situation is quite satisfactory. The Ambassador replied that this is correct since the present dollar balance of Japan is at a high level. However, he did not feel that this accurately reflects the Japanese economic situation. Mr. Araki outlined the current source of dollar earnings in Japan, including large US purchases in Japan as a result of the Korean operation, and expenditures of US soldiers—which he indicated amounted to at least $100,000,000 last year. Concerning Japanese exports, Mr. Araki stated that Japan exported approximately 300 million dollars in goods and services to the United States during the last year, and US imports amounted to approximately 1,100 million dollars. He stated this deficit is of definite concern to Japan because the US military procurement in Japan and expenditures of US troops is of a temporary nature.

Secretary Lovett mentioned that the loss of sources of supply of materials and markets on the mainland of China must also be of some concern to Japan since this means that alternate sources of supply and markets must be found. Ambassador Araki stated that this is correct, and that Japan has been and must continue to find

[*sic*] such alternate markets and sources of supply, mainly in Southeast Asia.

Secretary Lovett asked about the extent of Communist infiltration in Japan. Ambassador Araki stated that this is a serious problem in Japan, and that steps are being taken to curb Communist infiltration, particularly in Japanese youth groups. He also mentioned that unemployment of any nature would be serious in Japan since the Communists would immediately exploit it to the disadvantage of the Japanese Government. He stated, however, that he feels the Japanese Government is dealing and will continue to deal effectively with the Japanese Communist movement. Secretary Lovett mentioned that the Japanese National Police Reserve should be of considerable assistance in dealing with any internal Communist disturbances. The Secretary noted that the JNPR is currently being built up to a four-division force, and it is expected that 6 divisions will be established by 1954, and ten divisions by 1956. Ambassador Araki agreed, saying that this "military" force should provide a substantial measure of security for Japan. The Secretary mentioned that the combined US sea, air, and ground forces in Japan, together with the Japanese forces, would make it expensive if not foolhardy for any aggression against Japan.

Secretary Lovett mentioned that Soviet intentions in the Far East are such that they point a dagger at the heart of Japan, and this is one of the reasons we must not permit Korea to fall to the Communists. In this connection Secretary Lovett mentioned that he is not particularly hopeful of a truce in Korea since, if the Communists desired an armistice, they could have had one a year ago, and could have one today on reasonable terms. He mentioned that we must continue the struggle in Korea until we obtain a reasonable settlement.

Secretary Lovett mentioned that the North Koreans are a particularly primitive and barbaric type of people, and he asked Ambassador Araki whether Japan had difficulties with the North Koreans when they held Korea. Ambassador Araki replied in the affirmative, indicating that all Koreans are the same. However, the North Koreans are particularly difficult. He stated that at the time Japan was having difficulties on the Manchurian border they also had a rather difficult time with the North Koreans. He pointed out that North Korea has a tradition of invasion of South Korea. He attributed this to the Manchurian influence on the North Korean population.

It was mentioned that there are fairly large numbers of Koreans in Japan that are causing the Japanese Government some difficulty because of their relationship to the Communist organization in Japan. Ambassador Araki stated that of the approximately 600,000

Koreans presently in Japan, a very large number are associated with the Communist movement. He stated that the Japanese Government plans to discuss this matter with the Korean Government at the forthcoming negotiations in an effort to repatriate the Koreans.

Ambassador Araki thanked the Secretary for the interview and stated that he hoped to have the opportunity to meet him again.

The meeting concluded at 1540.

Following the meeting, Mr. Sullivan escorted Ambassador Araki on a brief tour of the Pentagon.

C. A. SULLIVAN

No. 594

794C.0221/8-2752

The Assistant to the Secretary of Defense for International Security Affairs (Nash) to the Assistant Secretary of State for Far Eastern Affairs (Allison)

TOP SECRET WASHINGTON, August 26, 1952.

DEAR MR. ALLISON: I refer to your letter dated 15 July 1952, [1] and to your conversation with Mr. Charles Sullivan of this office relative to the possible repatriation of approximately 7,000 Japanese to the Bonin Islands.

The questions raised in your letter have been reviewed by the Department of the Navy and by this office. In this connection, I wish to point out that the policy which guides the Department of Defense in the matter of repatriation of the Japanese to the Bonin Islands was established by the State–War–Navy Coordinating Committee in action SWNCC 214/2, dated 23 November 1945, which read as follows:

"The Joint Chiefs of Staff should be requested to advise the Commander in Chief, U.S. Pacific Fleet, that, pending the receipt of further instructions, he is to prohibit the return of former civilian inhabitants to the Bonin and Volcano Islands."

In a further action on 26 March 1946 the SWNCC approved the following:

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[1] Not found in Department of State files. In telegram 644 to Tokyo, Sept. 6, the Department stated: "Upon receipt urtel 33 [Document 575] Allison sent let to Nash indicating Dept for pol reasons believes 7000 former residents shld be allowed return Bonins. Dept also suggested inasmuch Bonins now under Navy jurisdiction reps Defense and State shld meet to prepare appropriate reply Jap Govt." In the remainder of this telegram, the Department summarized the letter printed here and asked the Embassy if it had any comment. (794C.0221/8-3052)

"a. The specific request for the return of the natives of the Bonin Islands, who are of British and American descent and who were forcibly moved by the Japanese to Japan, should be approved.

"b. As a general policy former inhabitants of American and European descent should be allowed to return to the Bonins."

It is the viewpoint of this office that the repatriation of the former Bonin Island residents of British and American descent did not revise the policy of the Coordinating Committee with respect to repatriation of Japanese to the Bonin Islands.

There are several considerations concerning repatriation of Japanese to the Islands which have been submitted to this office by the Department of the Navy, and are forwarded herewith for your information:

(a) A 1940 Japanese Government census indicated that over 90% of the population of the Bonin and Volcano Islands were concentrated on the three main islands of Chi Chi Jima, Ha Ha Jima, and Iwo Jima. These three islands comprise 52 square miles of a total land area of 65 square miles for all 28 islands. Additionally, these three islands now contain naval facilities which are important to our Far East defenses and the influx of so many persons to these islands would have an effect which has yet to be determined.

(b) In 1940 the population was 6207 rather than 7000 indicated as now desiring to return. Of these some 40% were engaged in farming and fishing. Most of the remainder were engaged in construction of fortifications and other military facilities.

(c) A review of the land titles of the Bonin Islands indicates that approximately 78% of all Bonin lands were owned by the Japanese Government. Therefore, there is but little land to which these people could lay a legal claim. Now that Japan is again a sovereign nation, and the United States has indicated that Japan has *some* residual sovereignty in the islands, disposition by the Navy of that land to which Japan might assert claim is at least open to question. The islands of Chi Chi Jima and Ha Ha Jima which contained most of the population were primarily military bases and the majority of the civilian population were there solely because of this fact.

(d) In 1944, the Japanese Government evacuated all civilians from the Bonin and Volcano Islands, and now, as a result of the war, all traces of former villages have disappeared and there are no homes to which these people could return. To bring back some seven thousand persons would create a tremendous resettlement problem and would entail considerable expense not only for reconstruction and rehabilitation but also for normal day-to-day living until they could establish themselves.

(e) The return of so many Japanese citizens to an area not under control of Japan would create administrative difficulties, including questions of criminal jurisdiction, and by their very numbers would tend to prejudge a later decision on the eventual disposition of the islands—a decision which is not desirable to make at this time. In this connection the Joint Chiefs of Staff concluded on 22 [*21*] January 1952 that the current U.S. policy with respect to the Nansei

Shoto, Nanpo Shoto, (which includes the Bonin and Volcano Islands), Marcus Island, and Parece Vela is sound, and no change in U.S. policy in regard to these islands should be contemplated until a condition of stability has been firmly established throughout the Far East.

In view of the foregoing it is the viewpoint of this office that it is not in the best interest of the U.S. Government to revise the present policy with respect to repatriation of Japanese to the Bonin Islands.

It is understood that you are planning a trip to the Far East [2] about 1 October, at which time discussions on this subject are to be held with Admiral Radford, General Clark, and Ambassador Murphy. [3] It is suggested that further action in this matter be withheld pending the outcome of the above discussions.

Sincerely yours,

F. C. NASH

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[2] Assistant Secretary Allison toured U.S. Missions in East Asia from Sept. 26 through mid-November, and was in Japan during the second week of November. An informal undated report on the trip, which includes some discussion of Japan, is in file 110.15 AL/12-552. For telegram 1496 from Tokyo, Nov. 8, summarizing remarks made by Prime Minister Yoshida to Allison on Nov. 7, see Document 612.

[3] See telegram 1204 from Tokyo, Document 604.

No. 595

794C.0221/8-2952

The Deputy Secretary of Defense (Foster) to the Secretary of State

TOP SECRET WASHINGTON, 29 August 1952.

DEAR MR. SECRETARY: The Joint Chiefs of Staff, in a memorandum to me dated 15 August 1952, submitted recommendations concerning U.S. policies in the Ryukyus and Bonin-Volcano Islands in the post-Treaty period. A copy of the Joint Chiefs of Staff memorandum is attached for your information. The JCS memorandum is the result of questions raised by representatives of the Department of State at an informal discussion with the Joint Chiefs of Staff.

It is the viewpoint of the Joint Chiefs of Staff, after considering possible courses of action in connection with the disposition of the Ryukyus and Bonin-Volcano Islands, that there should be no change in the status of the islands "until such time as the politico-military situation in the Far East becomes stabilized in a way favorable to U.S. security interests." I fully concur in this view.

National Security Council document 125/2 "United States Objectives and Courses of Action with Respect to Japan", [1] calls for recommendations by the Departments of State and Defense to the President concerning the long-term military requirements of the United States in and about the Ryukyus, Bonins, and other islands covered by Article 3 of the Peace Treaty with Japan. In accordance with the required action in the NSC policy on Japan, it is suggested that the representatives of our respective Departments develop a recommended U.S. Government position on the islands for submission to the President. If you agree, I am prepared to designate appropriate Department of Defense representatives to work on this problem.

Sincerely yours,

WILLIAM C. FOSTER

[Attachment]

Memorandum by the Joint Chiefs of Staff to the Secretary of Defense (Lovett)

TOP SECRET WASHINGTON, 15 August 1952.

Subject: Future Post-Peace Treaty Disposition of Ryukyu and Bonin-Volcano Islands.

1. During a recent informal discussion between representatives of the Department of State and the Joint Chiefs of Staff, the question was raised by the Department of State representatives as to the advisability, from a political standpoint, of the United States signifying its intention to return some or all of the Ryukyu and Bonin Islands to Japan, possibly retaining only Okinawa under United Nations trusteeship. After some discussion, it was agreed that representatives from the Department of State and the Joint Chiefs of Staff should meet to analyze the problem and submit recommendations as to the future disposition of the islands in question.

2. The Joint Chiefs of Staff have repeatedly held that strategic control of the Nansei Shoto south of 29° N latitude (including the Ryukyu Islands and the Daito Islands), Nanpo Shoto south of Sofu Gan (including the Bonin Islands and the Volcano Islands), Parece Vela, and Marcus Island is vital to the security interests of the United States, that the Joint Chiefs of Staff could not concur in action to return these islands to Japan, and that no change in United States policy in regard to these islands should be contem-

[1] Document 588.

plated until a condition of stability has been firmly established in the Far East.

3. The Joint Chiefs of Staff have considered:

a. The most recent trends and events in the Far East;
b. The recently approved United States policy toward Southeast Asia (NSC 124/2); and
c. The uncertainties of a United Nations trusteeship over this strategic area in the event that Japan becomes a member of the United Nations.

In the light of these considerations, the Joint Chiefs of Staff are now of the opinion that, for the foreseeable future, a trusteeship would not provide adequate assurance that the long-term military objectives in connection with these islands will be realized. Accordingly, the Joint Chiefs of Staff now consider that there should be no change in the *status quo* of the islands in question until such time as the politico-military situation in the Far East becomes stabilized in a way favorable to United States security interests.

4. It is recommended that, subject to your concurrence, the foregoing view of the Joint Chiefs of Staff be conveyed to the Secretary of State, further stating that the Department of Defense is prepared to furnish representatives for a State–Defense working group, if it is considered necessary by the Department of State, to prepare a recommended U.S. Governmental position on this matter. The Joint Chiefs of Staff consider that a firm, early decision on the subject matter is necessary. If such a working group is formed, it is recommended that the attached "Facts Bearing on the Problem and Discussion," developed by the Joint Chiefs of Staff be used by the Department of Defense representatives on the proposed working group as a basis for discussion.

For the Joint Chiefs of Staff:
OMAR N. BRADLEY
Chairman
Joint Chiefs of Staff

Enclosure

FACTS BEARING ON THE PROBLEM AND DISCUSSION

1. On 17 October 1951, CINCFE recommended the following conclusions "be approved by the J.C.S. as a basis for implementing action at an appropriate later date": [2] that the security of the strategically vital U.S. position along the offshore island chain in the

[2] Reference is to the study summarized in the first paragraph of Document 488.

Western Pacific is in no way dependent upon perpetuation of U.S. political control over the Ryukyu Islands; that such political responsibility would serve not only to burden the United States with an economic liability but will stand as a denial to the principle of self determination and might at a later date develop into an irritant to the Japanese; that a U.S. sponsored movement for the return of control over the Ryukyu Islands to the Japanese would constitute an additional step toward cementing U.S.-Japanese security objectives; that action should be deferred until the treaty has been ratified; and that a firm agreement should be reached with Japan to retain our exclusive control of military facilities. The recommendation of CINCFE was signed by Lt. Gen. Hickey, Chief of Staff, and added that the conclusions are also applicable to Parece Vela, Marcus Island and Nanpo Shoto.

2. On 21 January 1952, acting on CINCFE's recommendation, the Joint Chiefs of Staff reiterated their consistently held position that "strategic control of the Nansei Shoto has been and continues to be vital to the security interests of the United States", that they "could not concur in action to return these islands to Japan", and that "no change in U.S. policy in regard to Nansei Shoto, Nanpo Shoto, Marcus Island and Parece Vela should be contemplated until a condition of stability has been firmly established in the Far East". [3] CINCFE was informed [4] that action with respect to his recommendations should not be undertaken now or in the foreseeable future.

3. The policy of the United States has been expressed in the following:

a. Potsdam Declaration of 26 July 1945: "The terms of the Cairo Declaration shall be carried out, and Japanese sovereignty shall be limited to Honshu, Hokkaido, Kyushu and Shikoku and such minor islands as we determine". [5]

b. The President in a broadcast on 6 [9] August 1945: ". . . though the United States wants no territory, or profit or selfish advantage out of this war, we are going to maintain the military bases necessary for the complete protection of our interests and world peace. Bases which our military experts deem essential for our protection and which are not now in our possession, we will acquire. We will

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[3] The document quoted has not been found in Department of State files. However, the views of the Joint Chiefs are contained in the letter cited in footnote 4 below.

[4] Letter dated Jan. 29, not printed, from the Office of the Assistant Chief of Army Staff for Operations, signed by Maj. Gen. C.D. Eddleman, Deputy Assistant Chief of Staff for Operations, to CINCFE. (Enclosure to letter from Sebald to McClurkin, Feb. 27, 794C.0221/2-2752)

[5] For text of the Proclamation by the Heads of Government of China, the United Kingdom, and the United States, see *Foreign Relations*, 1945, The Conference of Berlin (The Potsdam Conference), vol. II, pp. 1474–1476.

acquire them by arrangements consistent with the United Nations Charter." [6]

c. The President on 6 November 1946: "The United States is prepared to place under Trusteeship, with the United States as the administering authority, the Japanese Mandated Islands and any Japanese islands for which it assumes responsibility as a result of the second World War." [7]

d. Article 3 of the Peace Treaty with Japan: "Japan will concur in any proposal of the United States to the United Nations to place under its trusteeship system, with the United States as the sole administering authority, Nansei Shoto south of 29° north latitude (including the Ryukyu Islands and the Daito Islands), Nanpo Shoto south of Sofu Gan (including the Bonin Islands, Rosario Island and the Volcano Islands) and Parece Vela and Marcus Island. Pending the making of such a proposal and affirmative action thereon, the United States will have the right to exercise all and any powers of administration, legislation and jurisdiction over the territory and inhabitants of these islands, including their territorial waters."

4. In Article 2 of the Peace Treaty, Japan renounced right, title and claim to Korea, Formosa, the Kuriles, Sakhalin, the Mandated Islands, Antarctic area, the Spratly Islands and the Paracel Islands. It may be inferred that ultimate Japanese sovereignty was recognized over the islands she agreed to place in trusteeship. This conception was conceded by Mr. Dulles (page 78, Dept. State Publication 4392) [8] and by Mr. Younger, the U.K. delegate (page 93, Dept. State Publication 4392). Mr. Dulles speaks of the current Japanese position as "residual sovereignty".

5. The following facts and opinions were expressed in an interview with Brig. Gen. J.M. Lewis, U.S. Army, U.S. Civil Administrator of the Ryukyu Islands:

a. A spot survey of one of the northern islands in the Amami Group indicated that 99 per cent of the people desired return to Japanese sovereignty. In view of the facts that these islands were formerly an integral part of the Kagoshima province of southern Kyushu and that the people were closely related culturally, economically and ethnologically to the mainlanders, and considered themselves higher socially than the people of more southern islands, the results of the poll were not unexpectedly in favor of return to Japan. Recently there has been no concrete evidence of a determined movement for the return of the area to Japan, possibly because of removal of many previous restrictions. This feeling for

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[6] For text of this address, see *Public Papers of the Presidents of the United States: Harry S. Truman, 1945* (Washington, Government Printing Office, 1961), pp. 203–214.

[7] For text of the "Statement by the President Concerning the Japanese Mandated Islands", see *ibid., 1946*, p. 474.

[8] Department of State, *Conference for the Conclusion and Signature of the Treaty of Peace with Japan: Record of Proceedings, September 4–8, 1951* (Washington, Government Printing Office, 1951).

return to Japan diminishes generally in a southerly direction and inland to rural areas amongst the islands south of the Amami Group. Although no over-all poll of the islands has ever been made, it was estimated that not over 50 per cent desire immediate return to Japanese sovereignty.

b. The Amami group is distinct culturally and historically from the rest of the Ryukyu Islands. Economically and historically these people feel that they are more closely related to Japan, specifically Kogoshima Prefecture, than they are to Okinawa and the other southern islands. They resent the undisputed fact that Okinawa will exert a dominant control over government, banking, trade and education in the Ryukyu Islands of which they are now considered a part. The return of the Amami group to Japan would not create a serious economic dislocation in the Ryukyus although some 20,000 laborers have moved temporarily to Okinawa as a result of the military construction program there. The return of the Amami group to Japan would remove a difficult political and social problem in the administration of the Ryukyu Islands by the United States. From a political, governmental and social standpoint, it is desirable that this northern group be returned to the Japanese Empire.

c. General Lewis emphasized the importance of the United States publicly announcing its intentions with respect to the island groups. He indicated that the natives are definitely opposed to trusteeship which they associate with the former mandate status of more southern islands and regard as an unacceptable, degrading and despotic form of rule. An established U.S. definitive position would dispel a lot of conjecture and speculation on the part of Okinawans and facilitate the establishment of democratic governmental processes therein.

d. General Lewis also expressed the view that if the United States is planning to return the islands to Japan, the transfer should not be effected until (1) the Korean war is over, and (2) Japan is economically and militarily capable of assuming this added responsibility. Obviously neither of these conditions exist today. Even if the Korean war ends soon, it is unlikely Japan could provide for the defense and support of the outer-islands in addition to the home islands without materially decreasing the over-all security of the area.

6. Japanese national desires regarding the Ryukyu-Bonin Islands are believed to be generally those expressed in a letter dated 10 December 1951, subject "Practicable Arrangements for the Southern Islands," [9] which was passed informally by State Department to Department of Army and attached hereto as Appendix. This letter, which allegedly was presented to the U.S. Political Advisor for Japan by the Japanese Vice Minister for Foreign Affairs, visualizes the restoration by the United States of the previous sovereign rela-

[9] See despatch 1021 from Tokyo, Document 477.

tion between Japan and the Southern Islands so far as compatible with U.S. military requirements.

7. The maximum U.S. base requirements in the area will exist under conditions of war in the Far East with either USSR or Communist China, in which bases in Japan would not be available, and are estimated as follows:

a. *Ryukyus*
(1) *Army*—Present facilities to include those for 3 AAA Bns, 1 RCT and supporting units plus the additional defense and support requirements generated by the expanded requirements of the sister services.
(2) *Navy*—Present air facility on Air Force Field at Naha, Air Station at Yonabaru together with a fleet anchorage, secondary operating base and facility at Buckner Bay.
(3) *Air Force*—Continued use of four Aircraft Control and Warning (AC&W) Group sites on outer-islands together with the requirement for 7 operating bases on Okinawa, only three of which are firmly located at present.
b. *Bonin-Volcano Islands*
(1) *Army*—Defense and support requirements generated by the requirements of the sister Services.
(2) *Navy*—Naval facility at Chi Chi Jima, air facility at Iwo Jima and an advanced base at Ha Ha Jima.
(3) *Air Force*—One refueling base and an AC&W site.
c. *Marcus Island*
(1) *Army and Air Force*—None.
(2) *Navy*—One naval air facility.

8. The fundamental issue boils down to whether or not security interests are sufficient to override the United States and United Nations policies of national self determination. (The economic costs of retaining the islands are considered minor in comparison with security advantages.) From a military standpoint, there is no question as to the great value of the subject islands as bases or bulwarks in stemming Communist aggression in the Far East, and ultimately in defending the United States. The United States must have bases that are not dependent upon the temporary political position of Japan, and which are relatively proof against Communist invasion.

9. On 30 Janurary 1952, the Secretary of State outlined the possible U.S. courses of action in the Ryukyus (DA IN 103951, 12 February 1952) as follows: [10]

"(1) The United States, immediately after the effective date of the Treaty, may 'exercise all and any powers of administration, legislation and jurisdiction over the territory and inhabitants of these islands, including their territorial waters'. In this event, the Ryu-

[10] Source of quotation not found in Department of State files.

kyus would be considered as being under the 'protection' of the United States within the meaning of the Chicago Convention, [11] and thus would be considered to be 'territory' of the United States.

"(2) The United States may propose to the United Nations to have the Ryukyu placed under the United Nations trusteeship system with the United States as the sole administering authority. If such a trusteeship were granted, the island would probably be considered to fall within the above definition of 'territory' in as much as the United Nations 'trusteeship' system has succeeded the old League of Nations 'mandate' system.

"(3) At some point in the future the United States may return the Ryukyus to Japan after a security arrangement has been made between the United States and Japan which would ensure that adequate protection is given to U.S. strategic interests in the Ryukyus. In this instance, the Ryukyus would be considered as territory of Japan within the definition of 'territory' in the Chicago Convention. This possibility should of course not be discussed publicly."

10. Adding two additional courses, the following courses of action which retain U.S. base rights, are possible.

a. Maintain *Status Quo*
b. Trusteeship
c. Return with Base Rights Agreements
d. Joint Sovereignty with Japan
e. Annex to the United States

11. *Maintain Status Quo*

a. *Advantages*
(1) Would not require U.N. action which USSR could block.
(2) Affords complete military control.
(3) Continues present flexibility of U.S. policy (which allows U.S. full freedom of action in the disposition of these islands).
(4) Reserves decision at the present time (when no clear advantages would flow to the U.S. as a consequence of either requesting a U.N. mandate or returning these islands to Japanese political control).

b. *Disadvantages*
(1) An economic liability.
(2) Not in accord with Japanese nationalistic desires and hence an irritant to Japan.
(3) Leaves status of territory undefined—various decisions will be required to alleviate the current status of the inhabitants.

12. *Trusteeship*

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[11] For text of the Convention on international civil aviation, opened for signature at Chicago on Dec. 7, 1944, see Department of State Treaties and Other International Acts Series (TIAS) No. 1591, or 61 Stat. (pt. 2) 1180.

Article 2 of this Convention reads: "For the purposes of this Convention the territory of a State shall be deemed to be the land areas and territorial waters adjacent thereto under the sovereignty, suzerainty, protection or mandate of such State."

a. *Advantages*
(1) Has been the announced U.S. policy.
(2) Subject to possible USSR veto in the UN Security Council, could be accomplished under existing treaties.
(3) Subject to effects of obstruction tactics by the USSR, would afford adequate military control.
(4) Firmly establishes status of territory with UN approval.
b. *Disadvantages*
(1) An economic liability.
(2) An approval required, which USSR might block.
(3) If Japan were subsequently admitted to the United Nations, would be subject to challenge under Art. 78, UN Charter, which states trusteeship "shall not apply to territories which have become members of the UN." (*Note:* Challenge not likely to be upheld in the light of Article III of the Peace Treaty with Japan, considered in conjunction with Article 77 of the United Nations Charter.)

13. Unless the United States could accept as a long-term objective the development of these islands toward self-government or independence, an objective which is not likely to be acceptable from a military point of view within the foreseeable future, the seeking of a trusteeship would not be in accord with the spirit of Article 76 * of the United Nations Charter.

14. Because of the use which the United States, as administering authority, would intend to make of the islands, all or part of the area would undoubtedly be designated as "strategic" (Article 82 † of the United Nations Charter). Under the terms of Article 83 ‡ of the United Nations Charter, all functions of the United Nations relating to the area so designated would be exercised by the Security Council and therefore subject to Russian veto. This consideration

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* Article 76. "The basic objectives of the trusteeship system, in accordance with the Purposes of the United Nations laid down in Article I of the present Charter, shall be:
"a. To further international peace and security;
"b. To promote the political, economic, social, and educational advancement of the inhabitants of the trust territories and their progressive development towards self-government or independence as may be appropriate to the particular circumstances of each territory and its peoples and the freely expressed wishes of the peoples concerned, and as may be provided by the terms of each trusteeship agreement;
"c. . . .
"d. . . ." [Footnote and ellipses in the source text.]

† Article 82. "There may be designated, in any trusteeship agreement, a strategic area or areas which may include part or all of the trust territory to which the agreement applies, without prejudice to any special agreement or agreements made under Article 43." [Footnote in the source text.]

‡ Article 83. "1. All functions of the United Nations relating to strategic areas, including the approval of the terms of the trusteeship agreements and of their alteration or amendment, shall be exercised by the Security Council.
"2. . . .
"3. . . ." [Footnote and ellipses in the source text.]

makes it doubtful that a request by the United States for a trusteeship over strategic areas of the islands would receive favorable action by the United Nations. Even if such a trusteeship were to be granted, it is foreseen that the United States would be constantly harassed in the administration of the trusteeship by the blocking tactics of the USSR in the Security Council.

15. Congress has always been reluctant to appropriate funds for the construction of base facilities on other than United States territory except in those cases where the continued availability on a long-term basis of the base area involved appears to be assured. A United Nations trusteeship which might be subject to challenge and annulment if and when Japan becomes a member of the United Nations would not appear to offer to the Congress the necessary assurance of long-term tenure. The fact that considerable funds are being spent by the Department of Defense for permanent construction in the islands under consideration points up the necessity for early decision in this matter.

16. Return to Japan with base rights agreements or joint sovereignty with Japan would be unsatisfactory, since the bases would be relatively useless in war if Japan were hostile, and might involve difficulties even if Japan were neutral.

17. *Annex to the United States.* Such a course of action is considered politically unacceptable in view of the fundamental and frequently expressed U.S. policy of self-determination; and is particularly so in the current situation in which the free nations are attempting to check Soviet aggression.

18. From the military point of view and in the light of the foregoing considerations, maintenance of the *status quo* is, for the foreseeable future, the only acceptable means for assuring the accomplishment of U.S. security objectives with respect to the Ryukyus and Bonin Islands. While a policy of maintenance of the *status quo* might, in the absence of preventive action to condition the Japanese public, constitute an irritant to friendly U.S.-Japanese relations, it does provide the major advantage of retaining U.S. freedom of action until such time, unlike the present, when concrete and important advantages may accrue to the U.S. from a decision affecting the disposition of these islands. This policy is considered preferable to taking a positive step at this time to request a U.S. trusteeship over this area with the United States as sole administering authority. All factors considered, the maintenance of the *status quo* is believed the best course of action to accomplish U.S. objectives for the foreseeable future.

No. 596

894.10/9-652: Telegram

The Ambassador in Japan (Murphy) to the Department of State

SECRET PRIORITY TOKYO, September 6, 1952—noon.

841. For Allison eyes only. Yoshida, who is still in the country, sent Okazaki to see me last evening for purpose the latter said of again emphasizing the importance to success of Liberal Party in present electoral campaign of "a financial gesture" on part of US. Okazaki explained that situation required some form of public statement by some US Govt agency indicating that US is viewing with greatest sympathy financial assistance for Japan and that if Japan meets necessary conditions financial aid will be forthcoming.

I thought it well to mention to Okazaki that I had heard some doubt expressed that present govt had brought home adequately to Jap public the extent and volume of current US expenditures and financial support already extended by US to Japan. Okazaki protested that such doubt not justified by record and said that govt had taken advantage numerous occasions to indicate to public important extent US financial support and in fact that Jap public cognizant facts.

Okazaki urged insistently that I recommend that USG issue some form of suitable statement prior to Oct 1 elections and asserted that this type US support merited and necessary. Pls let me have your advice as matter priority.

I took occasion to inquire what Okazaki's best estimate strength his party and he came up with estimate of 235 seats, the required majority being 233. Earlier last evening Aso, Yoshida son-in-law, gave me an estimate of 220. Appreciating that this is strictly guesswork reminiscent of Gallup in 1948, the flavor I get from my conversations here is that the Liberals are worried. While Okazaki tells me again that party will put up United Front, in same breath he says that factional split is widening and that group around Hatoyama (especially Mikibukichi, Ohno, Bamboku and company) are utterly reckless in their pursuit of power and patronage. He maintains they wld exercise harmful effect on Jap foreign policy. The more I see of the attitude of the Hatoyama faction as well as that of the opposition groups, the more I wonder whether our policies here wld not suffer at their hands. If we can devise in favor of Yoshida element, as imperfect as it may be a formula of support

which wld not be expensive, I believe it wld be in US interest to do so. [1]

MURPHY

[1] In telegram 642 to Tokyo, Sept. 6, marked "For the Ambassador from Allison" and drafted by Allison, the Assistant Secretary gave a personal and preliminary reply, not discussed with others in the Department. He was not convinced that an announcement of the sort suggested by the Ambassador would not boomerang against the Prime Minister in view of charges that he was a puppet of the United States. Also, at present or in the immediate future there was no economic justification for a loan or for grant aid to Japan. The Yoshida ministry should publicize existing forms of U.S. support such as maintenance of security forces, loans of heavy equipment to the JNPR and the proposed loan of coast guard vessels. However, he would consult with others to see whether any action or statement could be devised "which wld be of further advantage to Yoshida. There will obviously be difficulty in finding suitable peg upon which to hang any possible statement and your advice in this connection will be appreciated." (110.15 AL/9–652)

No. 597

110.15 AL/9–1152: Telegram

The Ambassador in Japan (Murphy) to the Department of State

SECRET TOKYO, September 11, 1952—6 p.m.

905. For Allison. I believe I fully appreciate considerations outlined in urtel 642. [1] All that being said we still are faced with practical problem of what may develop in elections of Oct 1. We are asked for a statement only—not a loan. This is not necessarily expensive. If we don't do it and elections swing against us we might reproach ourselves later. If we pause for moment to consider possibilities it might be well to remember now that Yoshida element of Liberal Party has promised to seek gradual increase of Jap defense power in proportion to its nat strength and to take steps toward nat security in accordance with US–Jap security treaty. It also stands for estab of collective security machinery and coop with free world. The announced purposes of remaining 3 major opposition parties are not as favorable. Progressive Party promises to seek recovery of lost terms; to advocate internat atomic energy control and disarmament; revision of unequal treaties such as US–Jap security treaty and US–Jap admin agrmt and re-examination of various ordinances issued during occupation. Right wing Socialists will seek drastic revision of US–Jap security treaty and US–Jap admin agrmt; and attempt to work out overall disarmament program thru UN and conclude treaties of commerce and navigation with all nations on equal footing.

[1] See footnote 1, *supra*.

Left wing Socialists promise to adhere to independent neutral dipl policy, to abolish mil power and US–Jap security treaty; to rqst return of Okinawa, Bon Islands, Kurile Islands and So-Sakhalin and seek interchange of trade and culture with Asian countries.

Certainly there are disquieting overtones in some announced policies of 3 major opposition parties. In fact there is definite ring of hostility in some of it. Naturally sweeping platform assertions are subj to discount. Nevertheless Liberal Party has not seen fit to adopt even hint of anti-Americanism in its platform. Starting from there I feel that Amer chances for future with this party in power will be more favorable.

The argument that this or any other party may be considered US puppet does not impress me. If when we are asked to help our friends we hesitate because of that doubt, it might be better to retire into complete state of isolationism. I believe in a sitn like this if party leadership is convinced that action will be to their advantage that we shld give them credit for understanding their own domestic problem a little better than we do.

Suggestion made to Okazaki mentioned in my 841 [2] that present govt has not brought home adequately to Jap public extent and volume of US expenditures and financial support is bearing fruit. He immed came out in speech to his constituents referring to generous aid US has contributed since end hostilities. Of course on that subj as I see the past we have not particularly urged Japs to publicize aid which they recd. I know Germans never volunteered to do that unless we stimulated it. I believe we shld do more to needle them on this score and we will continue to do so here.

I have had another conversation with Okazaki in which I informed him of some of the considerations outlined in urtel especially asking that he make suggestion about an appropriate peg. I am seeing both Yoshida and Okazaki again at end of this week and will tele further. [3]

MURPHY

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[2] *Supra.*

[3] In telegram 922 from Tokyo, Sept. 15, Ambassador Murphy included a statement which he had drafted following a discussion with Okazaki. The statement laid emphasis on U.S. plans for procurement of military and other supplies in Japan but did not specify specific amounts. (110.15 AL/9–1552)

Telegram 712 to Tokyo, Sept. 16, marked "From Allison", drafted by the Assistant Secretary and cleared in NA and ED, reads as follows: "Greatly appreciate ur 905 and 922 re possible statement. Dept now giving urgent consideration possibility making statement along lines suggested ur 922. I hope it will be possible make it even stronger than you suggest and that we can say definitely there will be substantial procurement supplies in Japan over coming year. You will be informed definitely soonest." (110.15 AL/9–1152)

No. 598

110.15 AL/9-1552: Telegram

The Secretary of State to the Embassy in Japan [1]

SECRET WASHINGTON, September 19, 1952—3:54 p.m.

738. Amb from Allison. Embtel 922 and Deptel 712. [2] Fol statement has been cleared interested agencies for use as you consider appropriate. I believe statement cld best be used as part of speech you may have scheduled before prominent Jap audience prior elections. Use of statement as official press release by Jap Govt might appear as too obvious attempt US influence election. However, I leave this entirely your discretion.

$750 million estimate special US expenditures US FY 53 based on balance of payments projection recently made by Dept with assistance of Defense and Emb. ICFEM draft paper No. 22 dated Aug. 8, 1952 [3] sent to Kerr [4] by Hemmendinger is source of estimate. $765 million minimum special earnings shown in that report rounded to $750 million for purposes this statement. Info available in Wash indicates this estimate minimum expenditures still reasonably accurate but suggest major components this estimate be confirmed FEC Comptroller prior release of statement. Fol is text suggested statement:

"The US Govt is particularly pleased that Jap recently was admitted to membership in the Internatl Monetary Fund and the Internatl Bank for Reconstruction and Development. The US Govt also notes with satisfaction Japs increasing participation in the econ activities of the free world, for the US Govt firmly believes Japs resumption of internatl trade and econ relations is an important factor in world economy. It is, of course, obvious that econ recovery after a devastating war is not without tremendous difficulties. In line with US objectives in contributing to the security and econ well-being of friendly nations in the FE, the responsible agencies of the US are fol with the closest attn Jap efforts to strengthen their economy and improve the living standards of the Jap people as one important aspect of the econ development of the whole area. The US Govt naturally is willing to consider rendering technical and econ assistance in the furtherance of this development.

"The US will continue to procure a substantial vol of goods and services in Jap and thus directly aid Jap in balancing its internatl accts. Such procurement will include expenditures: (1) for the maintenance of US forces stationed in Jap; (2) by US mil and civ

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[1] Drafted in NA by Cronk and cleared by him with ED, the Department of Defense, and the Export-Import Bank; approved for transmission by Allison.

[2] Dated Sept. 15 and 16, respectively; see footnote 3, *supra*.

[3] Not found in Department of State files.

[4] Peyton Kerr, First Secretary of the Embassy in Japan.

employees and their dependants in Jap; (3) for goods and services needed in connection with the Korean hostilities and Korean relief and rehabilitation and (4) for goods and services needed in connection with US assistance programs in the FE. The US anticipates that the total of such expenditures will approximate $750 million in the current US FY, that is, between July 1 of this year and June 30, 1953." [5]

ACHESON

[5] In telegram 981 from Tokyo, Sept. 21, marked "For Allison", Ambassador Murphy expressed appreciation for clearance of the statement and stated that he planned to make use of the text in a speech before the United Nations Association of Japan on Sept. 24. (110.15 AL/9-2152) In a memorandum to Secretary Acheson dated Oct. 2, Johnson indicated that Murphy had definitely made a public statement along the lines indicated above. (794.00/10-252)

In the elections held Oct. 1, the Liberals won 243 of the 466 seats in the House of Representatives (lower house of the Diet).

No. 599

400.949/9-1952: Circular telegram

The Secretary of State to Certain Diplomatic and Consular Offices [1]

SECRET WASHINGTON, September 19, 1952—8:17 p.m.

Circr 321. On Sept 5 US and Jap initialled agmt re export controls on Jap trade with Commie China. [2] Under agmt Jap committed embargo (a) all goods enumerated in any internatl control lists; (b) all items on US Security Lists which are not on internatl control lists; (c) list of additional items to be mutually agreed upon by US and Jap. This leaves considerable nr items which Jap can trans from its list embargoed items to list items which can be exported only with permission Jap Govt in exchange for items essential Jap economy. These are items remaining after screening to insure so far as feasible inclusion on control lists any item which cld contribute mil potential Commie China. It shld be noted under bilateral agmt Jap export controls re trade Commie China remain more strict than those any other nation except US, Nationalist China, Canad and ROK. [3]

[1] Sent to 20 Embassies, 2 Legations, and 2 Consulates.

[2] "Understanding between Japan and the United States Concerning the Control of Exports to Communist China"; attached "Interpretive Note with Respect to the Understanding between Japan and the United States concerning the Control of Exports to Communist China"; neither printed; both initialed at Washington by Linder and Takeuchi; both secret. (493.009/9-552)

[3] In a Progress Report (on NSC 104/2) by the Secretary of State and the Director for Mutual Security to the NSC, dated Jan. 19, 1953, the section on Japanese partici-

Continued

Although agmt secret, appears likely substance will eventually leak into Jap press. In any event trans large nr items from embargo list to controlled list must in nature of things become public knowledge, will therefore arouse public discussion and probably require some official comment by Jap Govt. In any case nothing shld be said to FonOff at this time.

Info media will not mention agmt this time. If appears conspicuously in fon press official statement may be issued by Dept for use USIS.

ACHESON

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pation in international trade controls reads in part: "Throughout the August bilateral discussions with the Japanese they repeatedly emphasized their view that any bilateral agreement reached with the United States would be meaningful only in relation to the intent that both governments should seek comparable action in COCOM and that the bilateral agreement would be directly affected by such multilateral agreement as is reached. There is now some reason to believe that the Japanese are prepared to relax their insistence on this point." (S/S–NSC files, lot 63 D 351, NSC 104 Series) For text of NSC 104/2, "U.S. Policies and Programs in the Economic Field Which May Affect the War Potential of the Soviet Bloc", dated Apr. 4, 1951, see *Foreign Relations*, 1951, vol. I, p. 1059.

No. 600

794C.0221/9–2252

Memorandum of Conversation, by the Deputy Director of the Office of Northeast Asian Affairs (McClurkin) [1]

TOP SECRET WASHINGTON, September 22, 1952.

Subject: State–Defense Working Group on the Ryukyus

[Here follows a list of persons present (10). Sullivan led the Department of Defense group; Young that of the Department of State.]

The meeting was called to discuss a list of State Department questions concerning the Defense Department position on the disposition of the Ryukyus. A copy of this list is attached.

In summary, the position of the Defense Department is that political control is necessary for military control and that there should, therefore, be no change from the present status of the Ryukyu and Bonin islands. The Defense Department representatives made it completely clear that this position applies to the whole chain of islands including the Amami Oshima group and Parece Vela. The position is predicated mainly upon an assumption that Japan may conceivably adopt a neutralist position and that, if

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[1] Drafted by McClurkin.

sovereignty over the Ryukyus is returned to Japan, such a position would make it impossible either legally or politically to operate effectively from bases in the Ryukyus in the event of general war.

Some of the advantages cited by the Defense representatives for the continuation of the present status for the whole island chain are summarized below:

1. From the point of view of the Air Force the bases in the Ryukyus are ideally situated to give a maximum bombing radius which covers all Asia and can even reach southern Russia. Seven air bases are planned and three of them are now in existence. The Amami Oshima group now has one radar installation, and there are other radar sites which have been surveyed. These radar sites are considered an indispensable part of the warning net.
2. The Navy requires the bases and harbors in the island group. These bases vastly increase the use which can be made of submarines since fueling and refueling can be done so much closer to operational areas. The Amami group is useful because there is a shelter anchorage there which will be better than Buckner Bay in the event of typhoons.
3. The ground forces count on this group as a primary staging area for the Pacific in the event of general war.
4. Some of the islands—for example, Parece Vela—are not worth much directly but in unfriendly hands would jeopardize the line of communications. In addition they may be useful for staging areas and to increase the element of deception in certain military and naval operations.
5. Various covert operations are now centered in the Bonin Islands.
6. If the Japanese have sovereignty over these islands, and consequently have a relatively free run of them, the security problem is increased.
7. If sovereignty and administrative control are returned to Japan. it would become considerably more difficult and time-consuming—perhaps impossible in some cases—to get agreement and authorization to extend a runway at an airport or to put in a radar installation at a new site.

In answer to a question about the utility of the bases if there were hostile air forces operating from the mainland and hostile naval forces including submarines operating in the area, the Defense representatives said that they believe that the islands are defensible now or with the anticipated build up in the event of an emergency.

The meeting adjourned with agreement to resume the discussion of the State Department question at 3:00 on Monday, September 29.

[Attachment]

State Department Questions Regarding Defense Department Position on the Subject of Disposition of the Ryukyus.

1. What are the factors of strategic importance which underlie the determination of the Joint Chiefs of Staff that the disposition of the Ryukyus and the Bonins should remain in status?

2. Does the strategic importance of the Ryukyus, as determined by the Joint Chiefs of Staff, apply to the entire archipelago?

3. If not, would it be possible to consider Japanese assumption of administration as well as sovereignty over certain selected islands, particularly the Amami group?

4. If certain islands could be returned to Japanese administration, what are the military considerations as to timing and procedure?

5. What are the detailed legal rights and powers (jurisdiction, condemnation of land for air fields, removal of population in times of emergency, etc., etc.,) which the United States would have to be able to exercise in the islands which are of strategic importance in order to assure the utility of the bases?

6. What type of arrangements for military use of the Ryukyus is required in view of the determination of their strategic importance and the basic assumptions as to their use?

(a) Is it mandatory to continue to treat the Ryukyus as if they were United States territory in which United States forces have all rights, privileges and immunities granted by United States law?

(b) Would a 99-year lease be satisfactory?

(c) Would a treaty arrangement such as the wartime Anglo-Egyptian treaty, [3] the United States-Cuban treaty regarding Guantanamo Bay [4] or the arrangements concerning the Panama Canal Zone [5] adequately provide for long-term use of the Ryukyus?

(d) What are some of the detailed considerations that lead to the conclusion, in the Joint Chiefs of Staff study, that a base rights agreement with Japan would be unsatisfactory?

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[3] For text of the Treaty of Alliance between Egypt and the United Kingdom, signed at London on Aug. 26, 1936, with Agreed Minute and Notes, see League of Nations Treaty Series, vol. CLXXIII, No. 4031.

[4] See the Agreement for the lease to the United States of lands in Cuba for coaling and naval stations, signed at Havana Feb. 16, 1903, and at Washington Feb. 23, 1903. See also the Agreement for the lease of coaling or naval stations, signed at Havana July 2, 1903. Texts are in Department of State Treaty Series (TS) Nos. 418 and 426, respectively.

[5] Arrangements concerning the Panama Canal Zone as of 1952 were governed by the Isthmian Canal Convention, signed at Washington on Nov. 18, 1903, and a number of subsequent arrangements. For text of the original Convention, see TS No. 431.

No. 601

694.95B/9–2552: Telegram

The Chargé in the Republic of Korea (Lightner) to the Department of State [1]

SECRET PRIORITY PUSAN, September 25, 1952—4 p.m.

384. Re Embtel 361, Sept 19. [2] Difficult situation re fishing areas between Korean peninsula and Jap greatly eased and we hope solved for time being as result prompt action by CINCUNC.

Afternoon Sept 23 Maj Gen Herren representing CINCUNC, Rear Adm. Gingrich [3] representing COMNAVFE, and I called on Pres Rhee to outline proposal previously approved by Gen Clark. FonMin Pyun and Adm Sohn [4] also present.

Gen Herren as spokesman expressed sympathy for Korean alarm with respect to Jap fishing and patrolling activities close to Korean coast; and after mentioning importance to all concerned avoiding incidents stated Gen Clark proposed to declare Korean coastal waters (shown to Rhee on map) as restricted mil zone barred to Jap fishing vessels. Proposed UNC restricted zone actually follows lines Jap recently announced wld be patrolled by them with exception sector along 34th parallel which UNC will revise so that line will pass well to south of Chejudo. Rhee probably not aware similarity new restricted zone to Jap patrol line. In any case he was delighted that CINCUNC prepared declare prohibited zone, so that removed main cause his earlier concern, viz., establishment of patrol line by Jap.

Pyun pointed out new zone did not in many places cover areas within "Rhee Line" and stated he assumed Korean Naval patrols wld still be able operate up to "Rhee Line". It was pointed out to him that we did not want to relate restricted zone in any way to "Rhee Line" or to discuss "Rhee Line" at this time. Principal problem before us was to prevent unfortunate clashes between Korea and Jap over fishing and that under present conditions potential areas for such clashes were within restricted mil zone. We hoped that Korea and Jap wld get together soon to work out fisheries

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[1] Repeated for information to Tokyo and to Maj. Gen. Thomas W. Herren and Rear Adm. Byron H. Hanlon, Commander and Deputy Commander, respectively, Korean Communication Zone.

[2] In this telegram Chargé Lightner had reported that the Korean Government was preparing to carry out an instruction by President Syngman Rhee to seize Japanese fishing vessels found inside the "Rhee Line", and that in a conversation with Foreign Minister Pyun Yung Tai he had tried to dissuade the Korean Government from this course. (694.95B6/9–1952)

[3] Rear Adm. John E. Gingrich was Commander Task Force 95 (CTF–95).

[4] Rear Adm. Sohn Won Il, Chief of Naval Operations, Republic of Korea Navy.

agreement which presumably wld involve discussion of "Rhee Line" or other demarcation line with respect to fishing areas (Adm Gingrich expressed the view privately after the conference that he was quite sure that Adm Sohn wld not continue to patrol beyond restricted zone).

Shortly before interview with Rhee I recd two long identical ltrs signed by FonMin and addressed to Secy Acheson and Gen Clark. [5] Original for Secy being airpouched. Ltrs invite attn to "very grave sitn being created by Jap Govt sending massed fishing fleets to seas adjacent to Korea under convoy of patrols, in defiance our fishery conservation area established by our presidential proclamation based on well-established internatl precedents". Ltrs convey in considerable detail most of the points Pyun had orally expressed to me on Sept 19 (see reftel). In addition FonMin suggested several alternative solutions involving expansion Korean Navy to cope with sitn, UN Naval Forces taking on task preventing Jap cross "Rhee Line" and steps to obtain internatl recognition of "Rhee Line". If none of these suggestions acceptable Korean Govt reserved right take whatever steps sitn required.

Ltrs also referred to Rhee's ltr to Gen MacArthur of July 14, 1950 [6] giving latter command auth over Korean Armed Forces during present hostilities. This commitment based on existence that time of MacArthur Line. Pres wld have given this command auth with some reserve if he had foreseen "that a freed Jap wld ruthlessly and provokingly threaten the back of Korea with studied planning at governmental level even before hostilities were over and that against this deliberate invasion of that freed Jap even our own naval patrols wld be prohibited from operating".

Pyun stated after our mtg with Pres that his ltrs to the Secy and Gen Clark still stood and he hoped to receive written replies in due course.

While the heat now seems to be off this issue, anti-Jap furor continues unabated in local press and new development (reported separately) [7] involving Prime Min Chang in alleged pro-Jap activities has hit headlines. [8]

LIGHTNER

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[5] Dated Sept. 22, not printed. (Enclosure to despatch 124 from Pusan, Sept. 24, 694.95B6/9-2452)

[6] This letter and General MacArthur's reply are UN Document S/1627, July 15, 1950.

[7] In telegram 385 from Pusan, Sept. 26, not printed. (795.00/9-2652)

[8] The Department replied in telegram 194 to Pusan, Sept. 25, repeated to Tokyo, drafted and approved for transmission in NA. It reads: "Dept appreciates efforts Embs Pusan and Tokyo in conjunction with CINCUNC and COMNAVFE to reach satis resolution Korea–Jap dispute over patrol fishing areas. Dept considers proposal contained Pusan's 384 important contribution to establishment of peace and security area and avoidance continued Jap–Kor friction over issue." (694.95B/9-2552)

No. 602

694.95B6/9-2752: Telegram

The Ambassador in Japan (Murphy) to the Department of State [1]

SECRET PRIORITY TOKYO, September 27, 1952—5 p.m.

1039. On his return from Korea last evening General Clark referred again to his intention to issue an order declaring coastal waters off the tip end of the Korean peninsula as a defense zone and asked that I make clear to the Japanese authorities the reasons for this action. In my conversation with Okazaki earlier this week I had discussed with him entry of Japanese patrol vessels only and had not mentioned fishing vessels. I invited Clark's attention to the remarks attributed to General Herren in Pusan's 384. [2] According to that statement General Clark proposed to declare Korean coastal waters in question as restricted military zone barred to Japanese fishing vessels. Clark stated that this version is incorrect and that the order will be nondiscriminatory.

Last evening we advised FonOff that CINCUNC considering establish military defense zone on open seas in island areas between Cheju-Do and Korean mainland which wld close area to all vessels. FonOff indicated Japanese willingness cooperate with UNC and expressed hope restricted area (1) wld not be too large, (2) adequately and formally promulgated, and (3) nondiscriminatory in application, excluding all vessels regardless of nationality. Last point obviously aimed at ROK fishing vessels. Japanese Fisheries Agency expected comment and perhaps seek limited rights for controlled fishing in part of zone particularly during mackerel season.

MURPHY

[1] Repeated for information priority to Pusan.
[2] *Supra.*

No. 603

694.95B6/10-152: Telegram

The Ambassador in Japan (Murphy) to the Department of State [1]

SECRET PRIORITY TOKYO, October 1, 1952—2 p.m.

1079. No distribution outside Department. Clark announced establishment "sea defense zone" in waters contiguous Korea in

[1] Repeated for information priority to Pusan.

short press release issued September 27. At same time, he ordered COMNAVFE maintain zone inviolate and prevent entry "in accordance current blockage instructions". [2] This order was repeated to Embassies Pusan and Tokyo with request we relay information to governments concerned.

Zone as established completely envelopes Korean peninsula and would appear to make all contiguous waters out of bounds. The short press release issued by FEC has brought sharp reaction from Japanese fishing and shipping circles. Foreign Office has sent note to Embassy asking for detailed info re zone, its legal effect and method of administration. Korean press is reported to have claimed this as victory for ROK and to have indicated that Clark has endorsed the "Rhee line".

In view of this and in view of my reservations about method of Clark's action, I have refrained temporarily from sending any official notification to JG and am exploring nature of defense zone with Clark and staff of FEC. This action was hastily taken and not well conceived. Our Navy authorities seem to consider the zone impossible to administer as an area of total prohibition and they have not yet issued any patrol changes to implement its terms. No implementing regulations have been prepared by FEC. It is hoped that the zone will be administered in liberal fashion and that it be used principally as a threat to prevent smuggling and for security purposes. At same time, its very existence, even without enforcement, should give satisfaction to Rhee and should temporarily at least calm his fears re Jap fishing exploitation.

I have discussed matter informally with Clark who realizes now that there are political and economic issues involved which may cause some difficulties. I have emphasized that question of fishing rights in these waters is matter under negotiation between Japanese and Koreans and that stated policy of US is not to prejudice these negotiations. I have told him that JG is opposed in principle

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[2] Substance of this order was relayed to the Department of the Army in CX 55874 from Tokyo, Sept. 27; it reads:

"1. A sea defense zone for the purpose of preventing attacks on the coast, securing the UNC sea lines of command preventing the introduction of contraband or the entry of enemy agents into ROK territory is hereby established in waters contiguous to Korea within the area bounded by the following points: 42-05 north 130-47 east, 38-00 north 130-00 east, 35-15 north 130-00 east, 33-00 north 126-47 east, 33-00 north 126-00 east, 34-00 north 125-00 east, 36-00 north 125-00 east, 39-37 north 124-00 east.

"2. It is desired that COMNAVFE, within capabilities and with assistance of other action adees, endeavor to maintain inviolate the status of this area by warning vessels of zonal restrictions imposed and denying entry in accordance with current blockade instructions.

"3. It is requested that info adees inform appropriate governmental authorities of the establishment of this area." (Attached to Document 678.)

to establishment of any line to govern fishing and pointed out that Koreans may interpret this action as an indirect endorsement of "Rhee line" which is of course unacceptable to JG. [3]

MURPHY

[3] Ambassador Murphy set forth his position on the problem at greater length in two letters to General Clark dated Oct. 1. In the first of these, he made it clear that he agreed with the establishment of a sea defense zone but was objecting to the manner in which establishment was effected. (Attached to letter from Murphy to Johnson, Oct. 1, 795.5/10–152)

No. 604

794C.022/10–1352: Telegram

The Ambassador in Japan (Murphy) to the Department of State

TOP SECRET TOKYO, October 13, 1952—7 p.m.

1204. Eyes only Alexis Johnson, no distribution outside Dept. Deptel 849 [1] and mytel 1135 [2] as well as mail instruction No. 25, of Sept. 11. [3]

(1) Bonin Islands. As suggested by Deptel 643 [4] and responsive to Admiral Radford's invitation I accompanied him on an inspection tour of the Bonins Oct 2 to 6. In addition to members of Radford's staff we were accompanied by Admirals . . . and Litch [5] as well as my Naval Attache, [6] FSS Conroy [7] and Col. Hensey G–5 FEC. Flying to Iwo Jima we thereafter proceeded by USS *Toledo* and helicopter for visits to Haha Jima, Chichi Jima returning to Tokyo on the *Toledo* so that there was ample opportunity for exchange of views.

I had been led to believe that perhaps Radford and Navy authorities were coming round to Dept's viewpoint re return of Islands to Jap control. Instead I found Radford sympathetic but adamant in

[1] Dated Oct. 1, not printed. (794C.022/10–152)

[2] Dated Oct. 6, not printed. (794C.022/10–652)

[3] In this instruction the Department had summarized State and Defense Department controversy over the disposition of the Ryukyu and Bonin Islands and had requested detailed comment from the Embassy on the entire question. (794C.0221/8–2952)

[4] In this telegram, dated Sept. 6, marked "For the Ambassador from Allison", the latter stated in part: "While as you know I had originally hoped to be with you and Radford to discuss this problem and to go to Bonins with you, I do not believe this essential. . . . I think you and Radford shld be able to work out solution." (794C.022/9–652)

[5] Rear Adm. Ernest Wheeler Litch, COMNAV, Marianas.

[6] Capt. Ethelbert Watts.

[7] John J. Conroy, Attaché at the Embassy in Japan.

his determination to maintain *status quo.* COMNAVFE [8] had warned of this prior to departure. I had hoped at least to persuade Radford to accept compromise arrangement which wld permit starting Jap control of Haha Jima . . . .

Radford's justification of his unwillingness to agree to return of islands to Jap control is basically strategic. In essence he asserts that in light of danger of Soviet aggression and his own responsibilities as CINCPACFLT complete US control of Iwo Jima as an air base and Chichi Jima as submarine base is essential. He maintains that Yokosuka and Okinawa are both highly vulnerable in event of an all-out Sov attack and that Iwo Jima and Chichi Jima are vitally necessary as auxiliary bases should US forces be driven out of first two mentioned. On that assumption he is unwilling to increase responsibilities of security and supply inherent in presence of larger foreign civilian population on these islands. He is willing to permit present colony of 141 persons residing on Chichi Jima to remain there. There is no population of any sort on Haha Jima and only inhabitants on Iwo Jima are US military and occasional Jap workman employed by contractors.

As far as I am able to ascertain Chichi Jima provides ideal submarine and naval base with super natural harbor Jap underground construction gun emplacements storage radio and other installations which were built over period many years immensely valuable. Practically all civilian housing was destroyed during war and small farms and pastures returned to jungle growth. About 3,000 civilians lived there pre-war supporting themselves principally by fishing. Smaller Haha Jima has little or no naval interest and the several tiny islands represent no practical importance. . . .

I took great pains to explain Dept's position in detail to Adm Radford who several times said he was surprised as he had been led to believe that Dept had come round to his point of view:

Adm Radford and I explored number of possible alternative solutions for consideration in event JCS firm on this as Radford says they are. One solution which occurred to us is bilateral arrangement for a form of leasehold along lines of wartime agreement covering bases at places like Bermuda, Trinidad or Argentina.

On our return to Tokyo we had long talk with Okazaki to whom Radford stated his viewpoint. Okazaki of course was most disappointed over Navy's attitude. He reviewed Jap position which is familiar to Dept stressing point that it is difficult for Jap Govt to understand discrimination between small Jap colony descendants of European stock now permitted on Chichi Jima while ordinary Jap evacuees are barred stating that this could only be viewed as racial

[8] Vice Adm. R. P. Briscoe.

discrimination. Radford vehemently denied this saying it was the first suggestion he had ever heard of such a thing and pointing out that permission is being granted to about 25 present residents to marry Jap Nationals in Jap and take them to island. Radford declared opposition based solely on strategic necessity which Jap Govt should understand as it had removed civilian population for same reason in 1944.

We mentioned idea of lease arrangement as a personal and unofficial thought referring to charter party negotiations for 18 US frigates and 50 LSSLs to Jap Govt which Radford thought wld be easy to adjust to a different basis plus possible additional compensation in one form or another. While this idea appeals to me as a possibility I made it quite clear to Okazaki that Dept had not authorized suggestion. Okazaki seemed to grasp at the idea and said it was worth careful study.

Throughout it was evident that Navy is not thinking in terms of trusteeship or any return to Jap control. Its planning for development Chichi Jima as submarine base apparently had progressed in important measure.

(2) Ryukyus. Gen Clark tells me that he is under strict injunction from JCS to make no concession re political control of any of these islands and states that JCS insists on maintenance *status quo*. Personally he, as do some officers his command, favors release Amami Oshima and possibly other of the northern islands of this group to Jap political control but he says matter now frozen by JCS directive. There has been no reference to this question by Jap Govt during past few days. There is only mild public interest manifest at moment concerning either Bonins or Ryukyus. Of course this could mount easily if Jap Govt sees fit to stimulate it.

Conclusions. Foregoing essentially is position re islands. Navy's viewpoint strategic situation and present danger together with its idea of its own responsibilities and needs difficult to dispute. Conception is new to me that Yokusuka and Okinawa highly vulnerable but if true I can well understand Navy's unwillingness to assume additional security risk and supply responsibilities inherent in larger civilian population in Bonins. . . . Question of lease arrangement and compensation for Bonin refugees could be explored. Perhaps this kind of solution might be feasible and acceptable to Jap. It is always hard to assess size to which a political issue of this type might be blown but large scale agitation on this score is not visible on present horizon. [9]

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[9] The Embassy set forth its views on the topics treated here at much greater length in despatch 871 from Tokyo, Nov. 4, not printed. (794C.0221/11-452)

On his return from Korea Radford at his request and I will have talk with Yoshida if latter can emerge long enough from domestic political arena for meeting. Radford expresses wish to explain his views personally to PriMin.

MURPHY

No. 605

790.022/10–1452: Telegram

The Ambassador in Japan (Murphy) to the Department of State

SECRET TOKYO, October 14, 1952—7 p.m.

1226. I called on Yoshida today, accompanying Admiral Radford. During conversation Radford referred to letter of Sept 2, 1952 [1] addressed by Yoshida to Radford re return to Trust Territory of Japan nationals and resumption of trade. Radford explained that it is impracticable for him to concur in Jap desires because under terms of Trusteeship [2] such an arrangement wld of necessity be open to all members of UN including Soviet Union. Japan not yet even member of UN. Radford wld be unwilling to see territory opened to Soviet Union. Therefore, he regretted inability to concur in Yoshida's suggestion.

Yoshida referred to 100,000 Japs who formerly resided those islands and to natural aspiration of many to resume residence and commerce. Radford mentioned his understanding that islands had never been productive during Jap occupation but rather had constituted economic burden. Yoshida seemed to accept Radford's position philosophically and did not urge further consideration at this time. [3]

MURPHY

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[1] Not found in Department of State files.

[2] For text of the Trusteeship Agreement for the former Japanese-mandated islands, approved by the Security Council of the United Nations Apr. 2, 1947, and by the United States July 18, 1947, see TIAS No. 1665.

[3] In telegram 1046 to Tokyo, Oct. 23, the Department in part replied: "Dept unaware existence Yoshida ltr to Radford prior receipt reftel and is requesting info this matter from Def Dept. Wld be interested in receiving copy if available Emb. Dept questions desirability Jap communicating directly with CINCPACFLT this matter which affects US relations not only Jap but all Members UN. Request Emb inform Jap in appropriately discreet manner that normal dipl channels shld be followed matters this type." The Department stated that the question of access to the trusteeship area was under consideration and that terms of the Trusteeship Agreement did not provide legal basis for the argument that entry of nonmembers of the United Nations would necessarily open the territory to the Soviets. (790.022/10–1452)

No. 606

694.95B/10-1752: Telegram

The Acting Secretary of State to the Embassy in Japan [1]

CONFIDENTIAL WASHINGTON, October 17, 1952—10:48 p.m.

991. Urtel 1227 Oct 15. [2] In view accumulation polit issues involving US, Japan and Korea and US overall interest in no further deterioration relationships between Japan and Korea, Dept seriously concerned with developments re "sea defense zone". In view fact Dept has no clearcut understanding many factors involving zone, Dept requests telegraphic report on present status zone, preferably in conjunction with CINCUNC and Emb Pusan with particular clarification fol points: (1) How is CINCUNC press release being implemented; are Jap fishing vessels excluded from zone or any area within it; what is status Korean fishing vessels in zone; what is nature of inspection taking place; are Jap fishing vessels per se considered non suspicious; (2) what position has been taken in discussions with Jap and Korean Govts; (3) what instrs has CTF-95 given to senior vessels with respect to fishing vessels in zone; (4) is there any differentiation of areas within zone; (5) what area is most troublesome.

While Dept recognizes complications involved in problem, particularly relationship ROK naval vessels to UN command, in view existing confusion unable give guidance or estimate seriousness problem with relationship other outstanding issues with ROK and Jap Dept suggests above requested report be followed by estimate situation and recommendations re further action.

BRUCE

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[1] Drafted and approved for transmission in NA; repeated to Pusan.

[2] In telegram 1227 Ambassador Murphy described continuing tensions between Japan and Korea, including an assertion by Minister Okazaki that ROK naval vessels had fired on some Japanese fishing vessels on Oct. 13. (694.95B/10-1552)

No. 607

694.95B/10-2352: Telegram

The Ambassador in Japan (Murphy) to the Department of State [1]

CONFIDENTIAL TOKYO, October 23, 1952—7 p.m.

1347. ReDeptel 991; rptd Pusan 251, October 17 re sea defense zone. CINCUNC has further informed Embassy that estab def zone was milit measure designed prevent attacks on Korea coast, secure UNC lines of communications and prevent entry of contraband or enemy agents into ROK territory. Also, action taken prevent altercations between ROK and Jap patrol and fishing vessels, which wld endanger stability of UNC sea lines and ROK milit capability.

Fol are answers Dept's specific questions:

1. CINCUNC press release being implemented by naval orders issued thru COMNAVFE Tokyo and CTF 95 afloat. Orders do not specify what type vessels are to be excluded from zone. Operational commander auth decide in view existing conditions whether presence any vessel constitutes element of jeopardy to security UN operations, as stated in Emb's note of Oct 13 to Jap FonOff. [2] No inspection has yet taken place but is auth in suspicious circumstances. Korean fishing vessels permitted operate in specified sanctuaries. No vessel is considered non-suspicious per se. A US frigate has been assigned command of the vessels patrolling zone and maintaining supervision thereof.

2. In discussion Jap Govt Emb has indicated it highly desirable Jap fishing vessels refrain operating this zone but that CINCUNC does not desire specifically prohibit fishing within zone by Jap vessels. Okazaki called on me this morning solely to discuss this issue and I told him that it preferable leave situation in present fluid status rather than press CINCUNC for specific interpretations, which if given must be unfavorable Jap operations.

3. CTF 95 instrs outlined para 1 above. Jap vessels apprehended by UNC patrol will be taken only to Sasebo.

4. No differentiation of areas in zone.

5. Since Oct 10 there have been several instances of violation of zone due to faulty navigation, weather and other reasons. Violating vessels were warned out of zone. Most troublesome area in southern waters near Cheju.

CINCUNC considers situation well in hand and that effective patrol being maintained in zone under UNC control. While attempting urge Jap not make issue out of estab sea defense zone, Emb considers we must be firm in resisting ROK efforts imputed to this zone support for "Rhee line". Major operational difficulty pre-

[1] Repeated for information to Pusan (copy to CINCUNC).
[2] Not found in Department of State files.

sented by ROK patrol craft assigned to patrol one under control UN naval forces but CINCUNC control well established.

Jap FonOff presented note dated October 18 to Emb stating Jap fishing vessels operating in restricted zone wld take special measures cooperate with UN forces and avoid security risks. Text will be summarized in subsequent tel. [3] In view of my conversation with Okazaki, believe FonOff now thoroughly conversant with Emb and CINCUNC position. Reply to Jap note now being drafted. [4]

MURPHY

[3] Telegram 1348 from Tokyo, Oct. 23, not printed. (694.95B/10–2352)

[4] See telegram 1397 from Tokyo, Document 609.

No. 608

794.5/10–2052: Telegram

The Acting Secretary of State to the Embassy in Japan [1]

TOP SECRET
PRIORITY

WASHINGTON, October 28, 1952—2:17 p.m.

1097. State Dept distribution only. Eyes only Amb Murphy. Embtel 1279. [2] Dept as long-range policy favors development balanced Jap mil estab including appropriate air and naval arms as provided current NSC policy for Jap. Dept has been concerned over slow development planning re Jap air and naval forces and has raised questions these subjs with Def at various levels. We believe planning for MSP for Jap forces requires careful consideration of most efficient and practical contribution which Jap, in US view, shld make in types and size Jap armed forces for joint defense with US forces in event Pac hostilities. On basis polit factors alone, wld appear preferable Jap contribution shld be for defense Jap terr such as forces to hold main islands, intercepter air force, and anti-sub naval forces.

[1] Drafted in NA; cleared with EUR, S/MSA, S/P, and Matthews in G; and approved for transmission by Johnson.

[2] Ambassador Murphy reported in this telegram of Oct. 20, marked "Eyes only Alexis Johnson" and "No distribution outside Department", that in response to an inquiry from the Joint Chiefs of Staff, General Clark had drafted a reply which would discourage the development of Japanese military aviation. The Ambassador added that he planned to discuss the matter with General Clark and Gen. Otto P. Weyland, Commander of the Far East Air Forces (FEAF) and urge that in conversations with Yoshida the United States "take a positive approach looking to early beginning in establishment of Jap security air force." In conclusion Murphy stated his assumption that the Department desired a balanced development of Japanese ground, naval, and air forces. (794.5/10–2052)

Def has submitted to ODMS and Budget Bureau tentative MSP figures for Jap air force for FY54 showing 184 mil dols for 174 day fighters, 83 fighter bombers, 30 tactical reconnaissance and 32 transports with necessary spares and equipment. Separate provision made for training program for flight and ground personnel. This is first portion total program which wld include additional 375 aircraft for unit equipment and 743 for war reserve of which 150 unit equipment and 450 war reserve wld be day fighters. Tentative Navy program for Jap for FY54 shows 30 mil dols with no breakdown. Tentative ground force program calls for 308 mil dols for FY54. We have been unable get clear answer from Def on extent to which this will complete basic ten div program. Def explains these tentative programs will be revised in light Emb and CINCFE comments to identical tels of inquiry now in process final clearance. [3]

Under MSP procedures public presentation MSP for FY54 will show merely total figure for Title III with any detailed country figures being given only in exec session. However any large increase in Title III figure will undoubtedly be attributed to program for Jap since inclusion Jap only significant difference from FY53 situation.

Dept recognizes internatl and Jap polit difficulties inherent in proceeding with air and naval forces for Jap particularly in view likelihood this becoming matter of public knowledge. Nevertheless achievement our long-range politico-mil objectives re Jap and whole Pac area depends upon steady progress toward Jap rearmament and we do not believe we can assume our time is unlimited. Particularly important include funds for air force programs of some kind in FY54 MSP since (1) lead-time on most aircraft is at least two years and at best Japs cld not expect actually get delivery any aircraft until the late 1955 or 1956 and (2) necessity get personnel training under way. This fact re delay before delivery aircraft to Japs will help lesson adverse polit reaction. Air section Joint Weeka Nr 29 Embtel 1267 [4] indicates Jap and perhaps joint planning re air force. We wld be interested in further details especially any comments re timing, personnel training and plans for US assistance. Perhaps some method can be found to begin training with FY53 funds. One possibility might be training on US equipment at US bases in Jap as was done to train NPR in use heavy equipment.

As sidelight re air force development see separate tel quoting *NY Times* re bldg Fletcher FD-25 by Tokyo Aircraft Co. [5] Wash rep

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[3] See telegram 1125 to Tokyo, Document 610.

[4] Not printed. (794.00(W)/10-1752)

[5] No telegram as described has been found in Department of State files.

Fletcher told Dept Tokyo Aircraft hopes sell substantial quantity these relatively inexpensive (12,000 dols) aircraft to NSF in Jap for tactical support purposes.

Re Navy program Dept wonders what possibility exists Japs may find it possible commence construction on own behalf anti-sub vessels or similar craft with armament to be supplied under MSP. Such clearly defensive craft wld not be likely arouse fears outside Jap resurgence Jap aggressive potentials.

Suggest this tel also be discussed with Allison on his arrival with particular ref to possible Aust, NZ and Phil reactions when matter becomes public. It is Dept's understanding that neither at time of negot Jap Peace Treaty or subsequently have these countries been given any reason believe Jap defensive forces wld not eventually include balanced air and naval arms and that possibility adverse reaction can be met by informing them at suitable time prior to matter becoming public.

This tel gives present Dept thinking to help you in discussions with CINCFE. Believe desirable further discussions these matters with Japs except at their initiative shld await govtal consideration your recommendations and those CINCFE as requested in separate tels referred to second para, especially since preferable have as much of initiative as possible these matters come from Japs and to avoid any earlier public disclosure than necessary.

BRUCE

No. 609

694.95B/10-2952: Telegram

The Ambassador in Japan (Murphy) to the Department of State [1]

CONFIDENTIAL TOKYO, October 29, 1952—noon.

1397. Fol is text draft note prepared by Emb and approved by CINCUNC.

Begin Text. Embassy presents compliments to Ministry Foreign Affairs and has honor refer Ministry's *note verbale* of Oct 18, 1952, [2] stating that JG has decided lend its cooperation to military actions of UN forces and describing measures which JG has decided to put into effect with respect to Japanese fishing vessels operating in sea defense zone established by UNC.

Decision of JG to cooperate in military actions of UN forces is appreciated. It is anticipated that measures conducive to attain-

[1] Repeated for information to Pusan (copy to CINCUNC).

[2] For a partial summary, see telegram 1347 from Tokyo, Document 607.

ment of objectives indicated in Embassy's note of Oct 13 may be taken as found appropriate.

Embassy desires reaffirm that sea defense zone was established on grounds of military necessity and to give assurance that regulations pertaining to zone are being administered on non discriminatory basis. Although no vessel found in zone will be apprehended except under suspicious circumstances or in cases of extreme recalcitrance, any vessel entering or detected therein whose presence is considered to constitute element of jeopardy to security of UN military or naval operations will be warned out of this zone in order to ensure there is no interference with attainment of purpose for which zone was established.

It is hoped that reasons compelling establishment of sea defense zone are appreciated by JG and that execution of measures being taken by UNC will not be attended by unwarranted difficulties affecting vessels of any interested party. *End Text.*

Dept's and Pusan's comments wld be appreciated. [3]

Above note completely noncommittal, as is consistent with CINCUNC position. CINCUNC unwilling say Japanese boats can fish or can not fish in defense zone, leaving execution orders to operating unit commander. After my conversation with Okazaki Oct 23 JG has been quiet about matter; the press comment continues critical.

MURPHY

[3] Documents in file 694.95B indicate that both the Department and the Embassy in the Republic of Korea approved the draft and that the Embassy in Tokyo presented a note identical in substance to the Ministry of Foreign Affairs on Nov. 4. Text is enclosure No. 2 to despatch 928 from Tokyo, Nov. 12. (795B.022/11-1252)

No. 610

794.5/10-3052: Telegram

The Acting Secretary of State to the Embassy in Japan [1]

TOP SECRET
PRIORITY

WASHINGTON, October 30, 1952—6:33 p.m.

1125. For Amb Murphy, pass Gen Clark. Def concurs this msg. Reference is made to JCS msg dated 3 Oct to CINCFE [2] re planning assumptions to be used in discussing Jap rearmament and related problems.

[1] Drafted in NA and in the Office of Military Assistance, Department of Defense; cleared in S/MSA and by Matthews in G; and approved for transmission by Johnson. An attached note indicates that the telegram was also approved by General Bradley.

[2] JCS 920166, not printed. (Department of Defense files)

Defense submitted prelim FY54 mil assistance requirements JNPR to ODMS 26 Sept 52. Program totals $521.7 million; breakdown: $308 million Army, $30 million Navy, $183.7 million Air Force. Depending on type and quantity equipment decided upon this wld provide 50% of Army, 25% of Navy, and 40% of Air Force force bases as approved for FY53 by JCS. Nature and extent aid programs for Jap still under discussion. Above aid estimates considered highly tentative. State has transmitted to ODMS econ justification mil assistance program. Copy pouched Emb. [3] No request for econ aid being made.

State presentation indicates prelim estimate Jap defense burden FY54 will range between 200 and 225 billion yen including estimated 65 billion yen for support US forces. Also indicates expenditure by Jap $50 to $100 million (in addition to 200 to 225 billion yen) for US equipment and supplies if balance-of-payments outlook and fon exchange holdings permit. This wld consist largely of spare parts and reserve combat expendables additional to that provided under mil assistance program.

Considered here that justification mil assistance request vulnerable since assistance not related to specific jointly-agreed defense program for FY54 and since no commitment yet obtained from Jap Govt relative to its intentions support expansion defense force. Also, fact that Jap currently in favorable balance-of-payments and Fon exchange position weakens justification for large-scale US assistance. Consider it necessary reach agreement with Jap Govt relative to FY54 defense program and be able show Congress Jap willing assume appropriate share total defense costs. Also must be able relate US mil assistance to definite and agreed defense program.

Consider it imperative US discuss mil-econ problems Jap Govt highest level earliest possible date in hopes influencing formulation JFY53 budget prior its transmission to Diet. Also necessary reach agreement these questions prior transmission FY54 Mutual Security Program to Congress early Jan. Assume Amb Murphy and Gen Clark wld represent US these discussions. Request asap your present recommendation earliest feasible timing such discussions.

In preparation US position these questions, wld appreciate current thinking Emb and CINCFE on fol:

1. Desirable and feasible rate of buildup Jap land, sea, and air forces through USFY54, taking into acct polit as well as econ and mil factors.
2. Yen and dol costs involved through USFY54. If possible, indicate cost estimate by general expenditure category (construction, pay and allowances, etc) for each service.

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[3] Not found in Department of State files.

3. Jap financial capacity meet these costs and costs maintaining US forces under terms Admin Agreement.

Same info USFY55 desired but less urgently.

Jap may wish discuss level Jap Govt support US forces concurrently with discussions re costs JNPR program. Feeling here that this question cannot be handled separately and that its inclusion in gen mil-econ discussions wld probably strengthen US bargaining position this matter.

Appreciate reply soonest.

BRUCE

No. 611

794.5/11-652: Telegram

The Ambassador in Japan (Murphy) to the Department of State

TOP SECRET PRIORITY TOKYO, November 6, 1952—8 p.m.

1475. Deptel 1125, October 30, Embtel 1436, November 3.[1] FEC recommends following build-up rate Japanese Defense Forces through US fiscal year 1954 as feasible and desirable: (1) Ground Forces: 180,000; (2) Sea Forces: 18 frigates, 50 landing craft, 40 mine sweepers, personnel ceiling 13,500, related base facilities, training installations; (3) Air Force: Technical and flying training schools, two fighter squadrons F-86 type, one air depot wing, service and support units.

Estimated dollar-yen costs follow:

US funds: Ground Forces 147.1 million dollars; sea 2.2; air 287.1; total 436.4. US support for ground forces US fiscal year 1954 estimated 371.3 million in addition to 304.4 (expended and to be expended) for present forces through US fiscal year 1953 equals total 675.7 minus 528.6 already allocated equals 147.1 (This figure does not provide for procurement of long lead-time items for further expansion which can be determined only by DA.) Air Force estimates embraces phased program through June 1956 but 287.1 US funds recommended for allocation during US fiscal year 1954 because approximately two year lead time on procurement; phased program embraces following by June 1956: 2,500 technical and 300 flying graduates annually, three fighter interceptor wings F-86 type, one fighter interceptor wing as F-89 type, two fighter bomber wings F-86 type, one tactical reconnaissance wing, two air transport wings, two air depot wings.

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[1] In telegram 1436 the Ambassador reported on a preliminary and inconclusive discussion of the defense and rearmament issues with Minister Okazaki on Oct. 31. (794.5/11-3152)

Jap Government funds: Ground Forces 125.8 billion yen; Sea 13.7; Air 58.5; total 198.0. Allowance for expected carry-over from Jap fiscal year 1952 budget of 38 billion for Ground Forces reduces total required appropriation Jap fiscal year 1953 for support Jap Forces to 160 billion.

General expenditure categories follow: US funds for Ground Forces: Initial equipment 182 million; spare parts 48; replacement through normal attrition (3 percent) 5.5; ammunition 93; transportation charge 39, etc. Total 371.3 (plus unknown amount for long lead-time procurement).

Jap Government funds for Ground Forces; fixed expenses (pay allowances, food, travel, utilities, etc.) 28.2 billion yen; equipment (T/E and T/A, clothing, coal, POL etc.) 63.6; construction 34.

US funds for Sea Forces: Small arms, gunnery training, ammunition, armament for minesweepers 1 million dollars; training aids, minesweeping gear, officer indoctrination training, training small number aircraft pilots and aircraft maintenance personnel plus six planes for training purposes under 500,000 dollars; armament for certain patrol vessels 700,000 dollars.

Jap Government funds for Sea Forces (including 3.8 in current budget and 4.5 in Jap fiscal year 1952 supply budget plus 13.7 in Jap fiscal year 1953 budget): Pay and allowances 4.0 billion yen; operation of vessels 5.8; shore facilities 1.7; construction of minesweepers 2.2.

US funds for Air Force: Aircraft and equipment 273.8 million dollars; US fiscal year 1954 operating costs 13.3.

Jap Government funds for Air Force: Construction 53.7 billion yen; land 1.2; US fiscal year 1954 operating costs 3.5; total 58.5. [2]

Same information US fiscal year 1955 sent shortly.

As Dept aware, Jap Government has failed expand NPR according time table agreed informally between Ridgway and Yoshida, being unwilling spend total defense funds appropriated current budget, and has been extremely reserved regarding rearmament policy, tacitly maintaining amendment of constitution is condition precedent to discussion of jointly agreed defense program specifying timetable of expansion and relative contributions of Jap Government and US. FEC agrees Jap Government may conclude that expansion to 180,000 with heavy equipment is possible prior to constitutional amendment.

FEC considers should not continue provide equipment to Jap Security Forces without written commitment from Jap Government to expand Jap Forces at agreed rate. Prior to receipt reftel, Embassy–FEC Committee proposed draft an agreement regarding military assistance to Japan for approval by State and Defense before negotiations undertaken with Jap Government. Proposed agreement would embody Jap Government and US obligations to meet agreed expansion program with Jap Government commitment to take nec-

[2] The figures as received total 58.4 billion yen.

essary measures to meet obligations assumed by Jap Government, including constitutional amendment if and when deemed necessary to proceed with agreed timetable. Does Department desire such agreement with Jap Government be sought as necessary support for military assistance request to Congress? Obtaining written agreement prior January by no means certain.

Summary follows Jap budget problem:

Total expenditures 853 billion yen current budget probably be increased to approximately 900 billion by supplemental budget. Liberal Party committed to tax reduction approximately 120 billion to which no Diet opposition. Therefore, would probably unbalance budget if total expenditures increased to cover added defense appropriation.

Following additional non-defense expenditures must be budgeted Jap fiscal year 1953 (broad estimates): Prewar bonded debt service 14 billion; GARIOA settlement 11 billion (German basis); plus undetermined expenditures for reparations, economic development and assistance to war bereaved. In view tax reduction and inevitable increase in non-defense expenditures, increased defense appropriation possible (with balanced budget) only by reducing normal expenditures. This would mean principally reducing government personnel which is extremely unpopular. Repeated determined efforts this direction have been largely fruitless. Would be highly dubious urge Jap Government undertake such unpopular move in addition to political burden of advocating rearmament. I anticipate Jap Government will strenuously resist increasing defense appropriations above present 3.6 percent of national income (approximately 21 percent national budget) 185 billion yen for Jap fiscal year 1953. Build-up rate recommended above calls for Jap Government funds 160 billion yen (excluding carry-over) in Jap fiscal year 1953. [Garble] 65 billion for support US Forces make total 225 or 4.5 percent of national income. In this context, possibility mentioned reftel additional expenditure by Jap 50 to 100 million dollars for US equipment and supplies appears improbable under present circumstances.

It is planned to have a thorough discussion of program with Prime Minister Yoshida as soon as new Jap Government organizational phase over.

MURPHY

No. 612

794.00/11-852: Telegram

The Ambassador in Japan (Murphy) to the Department of State

SECRET TOKYO, November 8, 1952—4 p.m.

1496. During call on Prime Minister last night at his residence Yoshida made following statements to Allison and me:

1. Japan intends to make some specific offer on reparations to Philippines. Foreign Minister Okazaki will work out details. (Same statement made to Allison later in evening by Wajima of Foreign Office who promised more details next week.) [1]

2. New Japanese Government will adhere to Dodge line in fighting inflation. While Ikeda no longer Finance Minister he remains in Cabinet and according to Yoshida new Finance Minister has agreed.

3. Government will shortly establish information agency with primary object of educating Japanese people in necessity of rearmament. Ogata, Chief Secretary of Cabinet [2] is in charge of making plans for this new organization.

4. Crown Prince will go to London via Canada for coronation of Queen Elizabeth and it is hoped he can return via US and spend several weeks in the US. This must be kept strictly confidential until formal approval is received from Queen Elizabeth for Crown Prince to represent Emperor at coronation.

5. On the subject of rearmament Yoshida said that time is necessary to adjust public opinion. As a result of the war great prejudices exist especially on the part of Jap women against the military. NPR had suffered because of these prejudices and that is why it is necessary that the new national safety force appear to public in favorable light. The public dreads the expense of a military establishment. We said that as he knew Americans did not like the expense either but Soviet aggression and expansionism left no alternative.

MURPHY

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[1] Further documentation on this particular initiative is in file 294.9641 for late 1952 and early 1953. Japan and the Philippines did not reach a reparations settlement until 1956.

[2] Taketora Ogata held this post Oct. 30–Nov. 29, 1952, after which he became Vice Premier until the resignation of the last Yoshida cabinet on Dec. 9, 1954.

No. 613

761.5622/11-1152: Telegram

The Ambassador in Japan (Murphy) to the Department of State

TOP SECRET NIACT TOKYO, November 11, 1952—1 p.m.

1513. Urtels 1158 [1] and 1192. [2] We take serious view of position of US weakness presented to Japan and Far East generally by recent press stories reporting American failure to take strong action against Sov overflights of Jap territory. Following as it does on recent loss of B–29 which apparently was shot down by Sov aircraft, [3] obviously questions arise in minds of thinking Japs as to the firmness of our intentions to defend Japan under Security Treaty. Naturally picture of US as weak and unreliable power is one of chief Commie objectives in this area.

While I concur in Gen Clark's recommendations re action to be taken by FEAF, I wish to provide Dept with better analysis than we have thus far prepared re Jap reactions to previous overflights etc. Thus far as Dept is undoubtedly aware, info re these overflights has been very closely held and Jap public is not conscious of number of violations committed by Sov aircraft. There is, of course, some small sentiment that the very presence US Forces in Japan is provocative and this prevails as would be expected in left circles. It is my opinion that the bulk of Jap opinion would welcome an indication of firm action on US part. It is also my opinion that Jap reactions actual engagement or shooting down Sov aircraft would be favorable from our point of view and also would stimulate Jap support of rearmament program. I discussed this question informally with FonMin and he agreed.

Re dipl steps which Japan and USG should take in this connection this will be treated in subsequent tel.

There is no question in my mind of the desirability of citing US–Jap Security Treaty as basis for these or similar measures.

MURPHY

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[1] In this telegram, dated Nov. 1, the Department asked for the Embassy's comments on a proposal by General Clark (in CX 57735 to the Department of the Army, Oct. 25) that he authorize the engagement of Soviet or Soviet-allied aircraft over Japanese territory. The Department indicated that it would be inclined to concur in such action, but that Japanese attitudes in the matter were not entirely clear. (761.5622/11–152) CINCFE's CX 57735 is attached to a memorandum from McWilliams to Kitchen, neither printed. (794.54/1–3052)

[2] Dated Nov. 10. This message was the Department's request for immediate attention to the questions raised in telegram 1158. (761.5622/11–452)

[3] On Oct. 7, 1952; for documentation on this incident, see volume VIII.

No. 614

Editorial Note

On November 12, the United States and Japan signed at Tokyo a Charter Party Agreement for the lease by the United States to Japan of seven patrol frigates. For text, see 3 UST (pt. 4) 5183.

Documents concerning the negotiation of this Agreement are principally in files 794.562 and 794.5621 for 1952.

No. 615

794.5 MSP/11-1452

Memorandum by the Director of the Office of Northeast Asian Affairs (Young) to the Assistant Secretary of State for Far Eastern Affairs (Allison)

[Extract]

TOP SECRET [WASHINGTON,] November 14, 1952.

Subject: Developments Regarding Japan.

1. Japanese Rearmament

In October Defense submitted to DMS "illustrative" and very tentative figures for the Mutual Security Program for 1954 for Japan. These dollar estimates included:

Ground Force	$308,000,000
Air Force	187,000,000
Navy	30,000,000
Total	$525,000,000

Late in October, some of the top FEC people told Ted Tannenwald [1] that there would be no request for an air force for Japan in the Fiscal Year 1954 Mutual Security Program. This conflict is indicative of the general lack of coordinated planning which has existed on the military side.

In an effort to try to give direction to the thinking that was being done about Japanese rearmament, we drafted and (after thirty days) got Defense concurrence to a telegram to Ambassador

[1] A memorandum of Tannenwald's conversation held on Oct. 29 with a number of FEC officers is enclosed with despatch 874 from Tokyo, Nov. 4, neither printed. (794.5/11-452)

Murphy [2] asking him to get together with General Clark and to come up with their best estimates as to what should be done about Japan in the Mutual Security Program for Fiscal Year 1954. The answer [3] was not received in time for the Budget Bureau hearings at which Defense did a miserable job, particularly in trying to rationalize sets of conflicting figures about necessary appropriations for the support of the Japanese ground forces.

Ambassador Murphy and General Clark have now answered the telegram with the following dollar recommendations for Japan for Fiscal Year 1954:

Ground Force	$147,000,000
Air Force	287,000,000
Navy	2,000,000
Total	$436,000,000

These figures differ so substantially from the original Defense submissions to DMS and the Bureau of the Budget that the whole question is going to have to be resubmitted to the Joint Chiefs. This process will take so long that Defense cannot meet the Bureau of the Budget's time schedule, and consequently it has been informally agreed that the Bureau of the Budget on its own will make certain modifications in the estimates for Japan. We do not yet know the nature of the modifications which they will make, but we have made available to them the information which just came back to us from Japan.

The major policy problem involves the commencement of planning and training for a Japanese air force. An outgoing State-Department-distribution-only telegram [4] raised this problem and indicated that present Department thinking favors such a development. However, the final decision was left until we had an indication of the thinking of the Embassy and the Command. Now that we have had that indication, NA is preparing a memorandum from you to Mr. Matthews which will recommend that we proceed with planning for a Japanese air force and that we give advance notification of this fact to some of our close allies.

. . . . . .

[2] See telegram 1125 to Tokyo, Document 610.
[3] Telegram 1475 from Tokyo, Document 611.
[4] Telegram 1097 to Tokyo, Document 608.

No. 616

761.5622/11-1752: Telegram

The Acting Secretary of State to the Embassy in Japan [1]

TOP SECRET
PRIORITY

WASHINGTON, November 17, 1952—7:16 p.m.

1246. Embtel 1513, [2] re Sov overflights. JCS 923816 [3] to CINCFE authorizes action to intercept, engage, and destroy combat or reconnaissance aircraft in Korea over Jap home islands and Okinawa or territorial waters three miles to seaward thereof which commit hostile acts, are manifestly hostile in intent, or which bear mil insignia of USSR or satellites and which do not immed obey signals to land unless properly cleared or obviously in distress. Unarmed transport aircraft shld be forced down if feasible but not be destroyed.

JCS 923828 [3] requests comments re desirability, possible contents and timing public announcement this matter. It also calls attn to State question re accuracy statement in CINCFE's CX 57735[4] to effect US has contracted by treaty to protect Jap terr.

Our comments latter pt fol. Although it publicly stated US pol to protect Jap from hostile attack US in Security Treaty has not "contracted by treaty to protect" Jap terr and it undesirable estab precedent on presumption Treaty contains such automatic commitment. However interception and destruction Sov aircraft can be publicly justified on basis maintenance security US forces stationed in Jap under Security Treaty "to contribute to maintenance of intl peace and security in FE and to security Jap against armed attack from without."

After concurrence you are authd inform Jap Govt officially of US policy as set forth first para this tel.

Dept also interested soonest Br and Jap Govt comments re public announcement and prior warning USSR either officially or by public announcement. In this connection see Moscow's 790 rptd Tokyo.[5]

BRUCE

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[1] Drafted in NA; repeated to Moscow.

[2] Document 613.

[3] Not printed.

[4] Dated Oct. 25; see footnote 1, Document 613.

[5] Dated Nov. 14, not printed. (761.5622/11-1452) For an indication of its substance, see telegram 1603 from Tokyo, Document 618.

No. 617

794.5/11-652

Memorandum by the Assistant Secretary of State for Far Eastern Affairs (Allison) to the Acting Secretary of State [1]

TOP SECRET [WASHINGTON,] November 18, 1952.

Subject: An Air Force for Japan

The Problem:

To determine whether steps should now be taken to commence the development of a Japanese air force.

Discussion:

NSC 125/2 [2] provides that the first stage of our military courses of action with respect to Japan should be to "assist Japan to develop a balanced ten-division ground force and appropriate air and naval arms". Until recently, no steps had been taken in the direction of the development of an "appropriate air arm". Some thinking about the necessity of building a balanced defense force has taken place in Japan among various private and semi-official groups, especially one in which Admiral Nomura is prominent. There has also been a fair amount of speculation on this subject in the press in Japan.

So far as the United States is concerned, the Joint Chiefs last December approved planning goals for a Japanese air force. (See the table below.) Operating on the basis of this approved program, Defense included $187,000,000 for assistance for the development of a Japanese air force in their preliminary submission to the Bureau of the Budget of the Mutual Security Program for Fiscal Year 1954. The following table shows the aircraft in the present approved program and the portion of the aircraft which would be financed in Fiscal Year 1954:

Planes (Figures show unit equipment, without provision for war reserve.)

	JCS-approved program	*FY 1954 program submitted by Defense*
Day fighter	300	174
Fighter bomber	150	83

[1] Cleared prior to submission to the Acting Secretary in S/P, BNA, S/MSA, and C, and by Matthews in G. Matthews wrote the following note in the margin. "I agree subject to consideration of competing priorities of other areas."

[2] Document 588.

	JCS-approved program	*FY 1954 program submitted by Defense*
Tactical reconnaissance	54	30
Transport	96	32
Trainer	50	

As the result of a recent joint request by the State and Defense Departments for recommendations by the Embassy and the Command in Tokyo as to what should be done about Japanese rearmament in Fiscal Year 1954, telegram 1475 of November 6 from Tokyo (Tab A) [3] submitted a joint recommendation that $287,000,000 be authorized in Fiscal Year 1954 for a Japanese air force. This sum would provide technical and flying training schools, two F–86 fighter squadrons, one air depot wing, and service and support units. This is part of phased program through June 1956 to provide 2,500 technical and 300 flying graduates annually, three F–86 interceptor wings, one F–89 interceptor wing, two fighter bomber F–86 wings, one tactical reconnaissance wing, two air transport wings and two air depot wings.

General Clark in a separate telegram on October 31 (Tab B) [4] recommended that planning for a Japanese air force should proceed promptly and that he be authorized to discuss this question with the Japanese Prime Minister in company with Ambassador Murphy. He reasoned that the most immediate and the greatest single threat to the security of Japan lies in the Communist air threat. However, he believes that forces capable of external aggression—specifically such forces as long-range bombers and carrier-borne aircraft—should not be developed by Japan. In consequence, his recommendation accords closely with the earlier planning by the Joint Chiefs.

I believe that the Department of State should support the development of a Japanese air force. While it is desirable that as much as possible of the initiative in these matters should be taken by the Japanese themselves, it is clear that both the Government and private circles in Japan are giving a great deal of thought to this subject. It is therefore the more important that we place ourselves in a position to assist them in the further development of a balanced defense force. If we are to do so, we must proceed at once since the lead time on aircraft is at least two years; and unless the Korean

[3] Document 611.

[4] Not found attached. The telegram was CX 58128 from CINCFE to the Department of the Army for the JCS. (Department of Defense files)

war ends, it will be 1956 or 1957 before the aircraft authorized in the Fiscal Year 1954 program can be delivered to the Japanese. Furthermore, the training of technical and ground personnel should begin as soon as possible.

Various arguments have been cited against undertaking a Japanese air force program at this time. One of them is the fact that the Japanese Constitution specifically forbids the maintenance of defense forces. However, the Japanese are through various devices moving ahead with the development of a ground force and are apparently willing to take at least the preliminary steps (including training of ground and flight personnel) toward the development of an air force. In addition Prime Minister Yoshida has told Ambassador Murphy that he plans to take steps to build up public support for rearmament in Japan and to move in the direction of an amendment to the Constitution. Another argument against a Japanese air force lies in the fears which it will arouse in other nations in the Pacific area of a possible renewal of a Japanese aggressive threat. However, these fears can be counteracted by concentration on the types of aircraft which are clearly designed primarily for the defense of Japanese territory, and by advance notification and careful explanation to the other nations who are most concerned.

The basic policy decision was made in NSC 125/2. The present question is therefore one of timing and of defining what is meant by an "appropriate air arm". In State-Department-distribution-only telegram 1097 to Tokyo on October 28 (Tab C), [5] which was cleared by S/MSA, S/P, BNA, C and G, a tentative conclusion was reached that it is desirable to proceed now with the development of a Japanese air force of a primarily defensive character. I believe that that tentative decision should now be affirmed and the necessary action taken to carry it out.

Certain more general questions with respect to Japanese rearmament, involving the timing of the approach to the Japanese Government and the nature of the agreement to be reached with that government, will be treated in a subsequent memorandum. However, these questions with respect to the air force need to be settled now while the Mutual Security Program for Fiscal Year 1954 is taking shape.

Recommendations:

I therefore recommend:

1. that the Department support the inclusion of funds for the commencement of a Japanese air force in the Mutual Security Program for Fiscal Year 1954. (In your letter to Mr. Ohly dated No-

[5] Document 608.

vember 18, [6] you urged DMS to support a figure of $436 million for military assistance to Japan. This amount includes the $287 million for the air force discussed above.)

2. that the Japanese air force should be of a nature designed to assist in the defense of Japanese territory.

3. that personnel training be begun in Fiscal Year 1953 if possible.

4. that I be authorized to notify the United Kingdom, Canada, Australia, New Zealand and the Philippines of the foregoing recommendations. The timing of such discussions will be agreed upon with Defense and DMS, and will depend upon progress in preparation of the Budget for 1954. [7]

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[6] Not found in Department of State files.

[7] This memorandum has an approval line, on which the following is hand written: "D[avid] B[ruce] Subject to consideration of competing priorities of other areas."

No. 618

761.5622/11-1952: Telegram

The Ambassador in Japan (Murphy) to the Department of State [1]

TOP SECRET PRIORITY TOKYO, November 19, 1952—5 p.m.

1603. Re Deptel 1246, Nov. 17. I heartily concur in action authorized by JCS 923816 to CINCFE. Such positive action is necessary not only to assure security of our forces in Jap and effectively demonstrate firm intention to meet any implied obligations under article one of security treaty with Jap but of equal importance to deny Russians opportunity to gain psychological advantage by portraying US as impotent and unreliable in face of flagrant show of force in violating Jap sovereignty.

As stated CINCFE's message C 58941, [2] Clark and I intend discuss this matter with Yoshida. Propose inform him of our desire consult with Jap Govt on matters affecting defense of Jap under article one of security treaty and our view that situation presented by Sov overflights constitutes threat to Jap. Wld assure him Jap Govt will be kept generally informed of Sov overflights. At same time would state that we consider ourselves free, both under security treaty and as recognized in Okazaki-Rusk talks at time of administrative agreement, take necessary action to protect security US forces in and about Jap, and that such action would include right to repulse hostile Sov overflights.

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[1] Repeated for information to Moscow.

[2] Not found in Department of State files.

CINCFE's C 58941 in which I concurred expresses opinion that it would not serve useful purpose to issue public announcement that we intend to engage aircraft violating Jap territory. I note that O'Shaughnessy's 790 [3] suggests that some form of warning against Sov overflights would seem desirable. Pending discussion Yoshida and further study it would in our opinion be preferable to avoid a prior public announcement. It is noted that the B–29 apparently was either shot down or forced into sea by Sov aircraft without prior Sov public announcement. Naturally we would welcome O'Shaughnessy's further comment if there are urgent reasons unknown to us for public announcement.

I do not believe it necessary or wise to notify the Sovs of our intended action or make any public announcement concerning our policy. Little is to be gained by thus putting them on their guard and would hardly be expected by them in view of their provocative action in shooting down our B–29. Any public pronouncement would only invite a precipitation of public comment which might prove disadvantageous to us, playing into the hands of those who use the argument that the presence of US security forces in Jap constitutes provocation for hostile Sov action. The dramatic circumstances surrounding the forcing to land of Sov aircraft or the destruction while actually violating Jap territory would provide much more advantageous atmosphere in which to make any public announcement.

Re para 3 Deptel 1246. Although the maintenance of the security of Jap as stated in NSC 125/2 [4] has been adopted as US natl policy and in addition that defensive action may be justified under preamble and article one of the security treaty, etc, language in CINCFE's CX 57735 [5] "contracted by treaty to protect" is inapt.

MURPHY

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[3] Dated Nov. 14, not printed. (761.5622/11–1452) Elim O'Shaughnessy was Chargé at Moscow.

[4] Document 588.

[5] Dated Oct. 25; see footnote 1, Document 613.

No. 619

794.5/12-552

Memorandum of Conversation, by John Foster Dulles [1]

WASHINGTON, December 4, 1952.

MEMORANDUM OF CONVERSATION WITH JIRU SHIRASU AT THE SHOREHAM HOTEL, DECEMBER 4, 1952, 9 A.M.

I saw Mr. Shirasu pursuant to a personal request from Prime Minister Yoshida. Mr. Shirasu said that the Prime Minister was particularly concerned over the pressures to which the Japanese Government was being subjected in relation to rearmament. He said that the Japanese people had been educated throughout the Occupation to the belief that it was wrong to have a military establishment; this was in the Japanese Constitution, and it would not be possible to develop any large armament without first re-educating the Japanese people. Mr. Shirasu said that the Prime Minister realized that this would probably be necessary but he urged that time be given to avoid a political upheaval which might put the Socialists in power on a "neutrality" platform.

I said that I could not speak for the incoming Administration; that I had never discussed the subject with General Eisenhower; and that I did not know what the views of the Defense Department were or would be.

I recalled that I myself, in my public utterances, had never urged the Japanese to rearm, believing that Japanese policy in this respect should come from the Japanese themselves and not seem to be imposed by outsiders. I stated that I believed that the Japanese people must realize that they would not be a fully sovereign nation so long as they were wholly dependent upon another nation for their protection in a world of danger; that they must realize that as a matter of their own self-respect they would have to bear some responsibility and fair share of the common burden of defense of the free world. I said I was confident that the Japanese people would come to realize this.

I said that I did not know what was the present estimate of the imminence of peril or the urgency of Japanese rearmament because I had not recently had access to this type of security information. I said that information of this character which might come to me later might lead me to feel that there was a great urgency but that, if the information made me feel this way probably the same

[1] Attached to a covering note dated Dec. 5 from Allison to Matthews, Bohlen, and Nitze. (794.5/12-552)

information would lead the Japanese Government and people to feel the same way.

I concluded by re-emphasizing that the views I expressed were merely views that I had held over the past and that the views of the incoming Administration were yet to be formulated and many of the elements which would determine that formulation could not be brought together until after the Administration was actually in power.

Mr. Shirasu thanked me and said that the point of view I had expressed would, he knew, be reassuring to the Prime Minister.

JOHN FOSTER DULLES

No. 620

110.15 AL/12-552

Report by the Assistant Secretary of State for Far Eastern Affairs (Allison) [1]

[Extract]

CONFIDENTIAL [DECEMBER 5, 1952.]

OBSERVATIONS OF JOHN M. ALLISON ON HIS TOUR OF U.S. MISSIONS IN THE FAR EAST, SEPTEMBER 26 TO NOVEMBER 16, 1952

. . . . . .

Japan

It was interesting to get to Japan after the Peace Treaty had gone into effect. On the whole I was quite favorably impressed with General Clark and what he has done. He has a political sensitivity which some of his predecessors did not have. Also the close relationship which exists between General Clark and Ambassador Murphy is most helpful.

The Japanese themselves are to some extent still living in a dream world. They are comparatively prosperous right now. I noticed a great change in the personal appearance of the people from a year ago. They have more spirit and life and appear healthier. They are making progress in cleaning up and reconstruction has gone ahead at a tremendous rate. This, however, is a prosperity

[1] Attached to a covering note dated Dec. 5 from Allison to Young, which reads: "There is forwarded for your information notes of a brief report I made on my trip to the officers in FE. This is not to be considered a definitive report about conditions in the area but is merely putting into written form the stenographic notes of my oral statement."

built to some extent on sand which may run out when UN special procurement and our troops are moved out. There is not a great deal of evidence that the Japanese are really taking steps to get prepared for what will happen when the present situation comes to an end. Mr. Ichimada, [2] Governor of the Bank of Japan, is worried about these things and thinking about them. Prime Minister Yoshida said they were going to follow the Dodge line but that taxes will have to be reduced. He has only a rudimentary appreciation of economics and economic factors. This was corroborated by Ichimada who said the difficulty in Japan was that political leaders have no knowledge of economics. Ichimada is conscious of the problems facing Japan, I think, and as far as he can, is doing something about them. Yoshida is wobbly about rearmament. He gives lip service to the necessity for some form of Japanese defense force but does not recognize the realities or know how to start. The younger people in the Foreign Office seem to be more aware of the true nature of the problem.

Another item of importance discussed was the status of forces agreement. [3] The Japanese want to work out something, not in writing but as a gentleman's agreement. While I was there a meeting was held by Ambassador Murphy with the heads of all the Commonwealth countries, [4] General Doyle Hickey, the Chief of Staff, and the Japanese Foreign Ministers. [5] The Commonwealth people were very pleased with the results because of the fact that Murphy was present and had taken a very strong stand. The Japanese have a real problem politically and I believe there will be no signed agreement concluded before next April 28th when the U.S.–Japan Administrative Agreement comes up for possible revision. I believe the Japanese will insist on the U.S. agreeing to the NATO formula and that they will then readily agree to giving other UN forces equal treatment.

There is a great reluctance on the part of the Japanese people to rearm because of the economic burden. I suggested to them that if they could get an agreed plan, even on a small scale, the people might see it would not be as bad as they anticipated. They are also still worried about building up a military caste which will take over the Government. I tried to point out in a speech I made at the

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[2] Hisato Ichimada.

[3] That is, on the status of UN forces in Japan. An agreement was not signed until Feb. 19, 1954; see Document 738.

[4] The heads of all the Commonwealth missions in Japan.

[5] A memorandum by Jules Bassin, Legal Attaché of the Embassy in Japan, of a conversation held on Nov. 12 among all those mentioned (with the exception of General Hickey), is in file 740.5/11-1252.

American-Japan Society [6] that it should be possible to build up a military system which would be their servant and not their master. That appealed to some but others are emphatically against it.

The Japanese relations with Korea are extremely bad, although they are ready at the present time to make very real concessions to the Koreans, according to what they said. They are ready to have their Foreign Minister pay a personal call on President Rhee, but not unless there is some assurance that he can come back with some agreement. Rhee is completely unreasonable and he is convinced there is a group in the American Embassy in Tokyo which wants to give Korea back to Japan. Rhee says they cannot have any agreement with Japan unless Japan in this agreement or along with the agreement formally and publicly renounce the treaties of annexation of 1910; and the Japanese say they cannot do that. The Japanese feel that these treaties have been superseded by the Peace Treaty and they do not want to bring up the past but prefer to settle the situation as it now exists.

Reparations is another problem confronting the Japanese. They realize they have to do something. Defense measures and reparations are the main problem worrying them and sooner or later, I believe, we will be involved in them. We must make up our minds what can and should be done and try to bring it about. Waring, our Economic Counselor, has been thinking about the problem of reparations and has submitted a suggested solution which deserves study. [7] We will have to take a more active part both on the Korean and reparations problems, I fear, if we are to keep things on an even keel.

The military people and Ambassador Murphy are worrying about the recent flurry of overflights of Soviet planes over Hokkaido. Comparing present Russian activity with that over the past six months, one can see that it has increased tremendously over northern Japan and the Kuriles.

There is a constant tendency on the part of the Japanese finance people to cut down appropriations for the National Safety Forces and also for the Maritime body, which disturbs Ambassador Murphy and others concerned. There is also a general feeling among our Commonwealth friends that they will not be informed about Japanese rearmament plans, but will be confronted by a *fait accompli*. I think we should keep the Commonwealth informed and sufficiently ahead of time so that it will not appear to be routine. If

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[6] For text of this address, "Japan and Free Asia", made in Tokyo on Nov. 1, see Department of State *Bulletin*, Dec. 1, 1952, p. 857.

[7] Documentation on this proposal has not been found in Department of State files.

we do this, I believe we can obtain their acquiescence if not their active support.

The Japanese are worried about trade restrictions, particularly as they might affect their trade in Southeast Asia. They are worried about the British and the British are worried about the Japanese. There seemed to me to be a willingness on the part of many Japanese businessmen to make a real effort to line up to internationally accepted fair trade standards as well as a recognition that Japan would have to prove its good intentions if it expected to regain its trading position in the world.

It is difficult to make any quick, easy statement about whether the situation in Japan is good or bad. All sorts of things could go wrong politically, economically and other ways. The Yoshida government is not too strong and there is some feeling that there will have to be another election next spring and that Yoshida might not survive such an election. Hatoyama is in bad physical condition and it is doubtful that he could take over as Prime Minister, but he still has great influence. The Japanese feel that the results of the election as far as throwing out the Communists was concerned should not be interpreted too optimistically because they believe the large increase in representatives of the Left Wing Socialists was largely made up of people who are in fact Communists. A professor at the Tokyo University said that a year ago or so all his students were going Communist. The professor himself is very anti-Communist but in spite of his teachings, the students were taking the opposite line. This year the situation is different and the students are very anti-Communist. The professor says this is due to the fact that the Communists had not been able to push the Americans out of Korea, but had been thrown back, and that the U.S. was more active in supporting the Chinese Nationalist government on Formosa. While this may be an oversimplification, it does represent a typical Oriental way of looking at things.

No. 621

894.10/12-1752: Telegram

The Ambassador in Japan (Murphy) to the Department of State

CONFIDENTIAL TOKYO, December 17, 1952—7 p.m.

1945. Garner of World Bank expressed fol views to Emb officers today: Doubts Bank will conclude Japan credit worthy. [1] Justifiable

[1] A portion of despatch 1137 from Tokyo, Dec. 16, reads as follows:

Continued

loan of some 20 mil dols futile in encouraging Japan take suitable measures strengthen economy by adequate credit and fiscal control, channeling investment, tax incentives to savings, reducing costs. Credit of 200–300 mil dols regarded as volume necessary enable Bank enforce such measures. Such volume conceivable only in closest coop US Govt on understanding stable friendly Japan must be maintained tho involving calculated financial support by US on grant or procurement basis after present special dollar receipts disappear with further understanding no loans from US Exim Bank.

Emb believes present govt wld hesitate adopt cited measures in view polit commitments against economic controls and insignificance of 200–300 mil dols credit when compared present volume special dol receipts.

MURPHY

"On December 9, 1952, Minister Sankuro Ogasawara, Director General of the Economic Counsel Board of the Japanese Government presented a confidential request to Mr. Robert L. Garner, Vice President of the IBRD for a loan to be used for power development. The stated purpose is to increase national income by 20 per cent during the next five years by expanding industrial production from the present index of 135 (1934–6–100) to 170 in 1957, utilizing as a base for the expansion an extensive power development program. A loan of $320 million is requested, the foreign exchange to be utilized in the purchase of raw materials including iron ore, iron scrap, coal, copper ore, rice, sugar, food oils and cotton. As low an interest rate 'as feasible,' as long a term 'as possible,' and a five year period of grace prior to initial principal repayment is requested." (894.10/12–1652)

No. 622

794.5/12–3052: Telegram

The Ambassador in Japan (Murphy) to the Department of State

TOP SECRET TOKYO, December 30, 1952—7 p.m.

2078. In accordance with plan General Clark and I met yesterday at Embassy residence with Yoshida who was accompanied by Okazaki for general discussion regarding Jap rearmament. [1] By prearrangement with General Clark I opened conversation by referring to our reluctance during these past weeks of Jap political difficulties and Prime Minister's preoccupation with many problems to burden him with this matter during Diet session. I explained that it is necessary for reasons both relating to US legislation and planning as well as international situation that there be closest under-

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[1] A long summary of action and planning on this question on the part of both governments is in a memorandum dated Dec. 18, from Young to Allison. (794.5/12–1852)

standing and harmony of view between Japanese Government and US regarding important question of Jap defense. I said that in view of some statement made by Cabinet members including Prime Minister on subject of Jap rearmament and Finance Minister Mukai's reference to tax reduction I was confused as to Prime Minister's basic thinking and program regarding article nine of Jap constitution; buildup of national security forces; expenditure of funds; military production, etc.

I referred to Shirasu's recent conversation with Dulles [2] and former's reference to pressures on Japanese Government to rearm suggesting that we here had not understood that any pressure had been exerted but to contrary an effort had been made to refrain from anything which might be interpreted as pressure. Yoshida said that we, of course, would appreciate that basic attitude of Japanese Government, regarding rearmament is of necessity delicate state secret; Japanese people still under impact of US occupational policy of demilitarization and destruction of war potential. He referred to General MacArthur's earlier policies against payment of pensions to veterans, SCAP's policy regarding educational program in schools and universities having objective elimination military ideas and influences, policy to stamp out Jap militarism, etc. Obviously Japanese people need time for adjustment to later conception and awakening to need of defense organization as inherent right of independent state.

He made no reference to necessity military program keeping pace with economic limitations. He referred to plan which he said had been referred to Chief of Staff FEC informally for study relating to Japanese military production and Japanese Government desire to utilize former arsenals and other equipment for earlier production of military items. Okazaki amplified latter point by referring to additional thought of providing other areas such as Indochina with military equipment possibly under head of reparations. Okazaki also explained that Shirasu's reference to pressures no doubt related to tactics of parliamentary opposition in Diet which continually charged that Japanese Government under US pressure to rearm. Okazaki said it was not intended to convey impression that US was actually exerting any pressure. He also referred to US Presidential campaign references to Asiatics fighting Asiatics.

General Clark then reviewed situation relating to NSF ground force pointing to lack of Japanese coordination on lower echelons re planning and operations as well as to long delay which has occurred in bringing ground force to ceiling of 110,000. He also expressed his concern over unnecessary delay by agencies of the Jap-

[2] See Dulles' memorandum of this conversation, Document 619.

anese Government primarily Finance Ministry, National Safety Agency, and National Safety Force, in obligating appropriated funds for procurement of essential equipment and training areas and for construction of necessary schools and installations. He referred to fact that we are prepared to support the present four-division force with the additional equipment required from US sources. He also stated that today such equipment is in great demand especially in view of pressure to equip more ROK divisions and even, for example, to meet demands from Chinese Nationalist Government for equipment. He explained that to meet need to equip additional ROK divisions he dipped into his theater reserve rather than divert equipment held for Japanese forces which is still top priority under our present policy. However, it is difficult to justify such retention in absence of earnest effort on part of Japanese Government to build up its force even to primary target of 110,000. He pointed to fact that US Forces in Japan proper counted only 2 1/3 divisions and that 1/3 of division had been allocated to Korean theater. We would like to transfer responsibility for ground force defense of Hokkaido to Japanese Government at earliest opportunity, if possible this summer.

Both Yoshida and Okazaki seemed to be visibly impressed with this part of General Clark's remarks. Yoshida expressed surprise regarding General Clark's point on lack of understanding at NSA and NSF level of authority for coordination with SASJ in development of combined plans, saying that it was his understanding that he had given orders for close cooperation. He said this would be rectified immediately and Okazaki also assured General Clark that word would go down immediately to insure that there would be complete understanding at divisional level which has not been case up to now. Okazaki also said that recruiting had not lived up to expectations but that he could assure General Clark that ceiling of 110,000 would be reached shortly. Present recruiting plan has increased figure from recent 77,000 to approximately 99,000.

I referred to our problems in Washington as added reason why frank discussion is necessary at this time mentioning General Vandenberg's comment during his recent visit [3] as example of United

[3] Possibly a reference to some of the points raised by General Vandenberg in the course of a conversation held on Nov. 19 with Murphy and other U.S. officials. One section of the memorandum of the conversation reads:

"5. Concerning budgetary justification that he would have to present to the Congress, General Vandenberg pointed out that:

"a. The allocation would have to be in the Fiscal Year 1954 budget or no results would be apparent until 1956.

"b. If the beginnings of an air establishment were made under the present Congress, a moral obligation would exist for the incoming one.

Continued

States budgetary planning necessary if funds are to be appropriated for fiscal year 1954. I said with advent new Congress no doubt numerous questions would be raised not only regarding Japan but contributions to collective security free nations being made by individual countries including Japan. It had been difficult to answer recent questions put by some of our visiting Senators regarding Japan's rearmament program for reasons which Yoshida would fully understand. I expressed opinion that we would be faced by numerous questions on this subject during coming months.

Neither Yoshida nor Okazaki seemed prepared to give any indication regarding Cabinet's plans for military portion of 1953 budget which Cabinet has now under consideration and about which it meets December 31. Okazaki stated however regarding unexpended balance in current budget that Japanese Government planned to commit entire 56 billion yen reserve fund. He said that delay in such commitment is not entirely due Japanese causes but due in part to past indecision on United States side regarding purposes for which expenditures should be made. I intimated that non-use of this fund for defense purposes might raise question whether Japan ought contribute more yen to support United States forces. It was apparent that prior to Cabinet consideration new budget Yoshida and Okazaki were not prepared to clarify Japanese intentions but it is believed that this talk with General Clark and myself was very timely because it was evident that Yoshida had not fully understood some practical considerations relating to planning and budget.

General Clark then described situation relating to flights of Soviet aircraft over Hokkaido providing full detailed information of 47 illegal flights which have occurred since October 9. Both Yoshida and Okazaki manifested intense interest. I explained at this point that we felt that Japanese Government should consider carefully (1) whether it desired to make some form of protest to USSR regarding past overflights and if so, what form that protest or statement would take, and (2) give urgent consideration to question of form of protest which should be made in event incident involving forced landing or shooting down of Soviet aircraft on Japanese territory. General Clark explained that during past weeks his command was not prepared to take type of action now planned because of unavailability of F–86 (it was necessary to explain what this

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"c. If possible, the request for financial and material aid should come directly from the Japanese Government. A go ahead from Premier Yoshida and Foreign Minister Okazaki on a confidential basis would be sufficient." (Memorandum for the record by Lt. Col. William A. Larsen and Maj. Alston L. Brown, both of FEAF, enclosed with a brief covering letter dated Nov. 20 from Murphy to Allison, 794.5/11–2052.)

meant) and under those circumstances it was not felt desirable to announce our purpose or to give warning because we were not in position to implement it. Our aircraft also had been stationed in southern part of Hokkaido so that we were not technically in position to prevent overflights over northern part of island. An air strip is now being provided in northern Hokkaido for that purpose. Yoshida at first seemed to think that this was matter of coordination between NSF forces in Hokkaido and USAF but General Clark explained that this was matter which would have to be handled by USAF as Japan had no equipment or air force to cope with it. At Yoshida's request General Clark also agreed to provide full data re past overflights in writing and Yoshida and Okazaki said that this question would be given urgent consideration and study and that they would inform us regarding their formal reaction. General Clark also explained that procedure we contemplated in event of future incident involving forced landing or shooting down of Soviet aircraft would be immediate notification Japanese Government by Embassy informing Okazaki to be followed by bare factual public announcement by FEAF. General Clark said we hope that Japanese Government would be informed of incident within matter of minutes after its occurrence. This seemed to be satisfactory to both Yoshida and Okazaki.

Meeting terminated on most cordial note with Okazaki again assuring General Clark regarding closest coordination between NSF and SAASJ as well as build-up of NSF to 110,000 ceiling.

Both General Clark and I consider this conversation most timely and constructive. We believe Yoshida especially now possesses much better knowledge of practical considerations involved. Both he and Okazaki indicated general desire to make progress and to cooperate.

General Clark has read and concurred in this message.

MURPHY

No. 623

894.10/12-3152: Telegram

The Ambassador in Japan (Murphy) to the Department of State

SECRET PRIORITY TOKYO, December 31, 1952—7 p.m.

2101. I was informed last night that Japanese Cabinet is meeting today to approve 1953–1954 budget for submission Diet when reconvenes late January. This budget totals 940 billion yen but likely contain only 130 billion for defense of which 65 billion for support

US Security Forces and 65 billion for NSF. Reduction defense budget based on maintenance forces no greater than 110,000 hence 56 billion in present budget for relocation US Security Force and expansion NSF considered one-time outlay which need not be repeated.

I informed Okazaki proposed reduction likely cause serious repercussions in US raising doubts re extent Japanese Government intends participate in own defense and might well cause Congress review most critically any program military assistance Japan. I suggested that in expansion of NSF beyond 110,000, development of embryo Air Force, and possible participation in cost heavy equipment ample justification could be found by Prime Minister to support a defense budget at least no smaller than current one.

As result I am now told that budget will carry 65 billion for support US Security Forces as separate item plus 80 billion for remainder Japanese Government defense program which amount will be hidden in larger sum including pensions and other items. Later this figure will necessarily be broken down into component parts in Diet presentation. By that time justification of appropriation in excess of sum required for maintenance 110,000 must be evolved. On this matter I shall, of course, confer with General Clark as well as Japanese Government. Cabinet gave tentative approval budget today but will review decision Jan 9. [1]

MURPHY

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[1] Ambassador Murphy reported in telegram 2113 from Tokyo, Jan. 3, 1953, that the FEC estimated that 97.6 billion yen would be required for a 110,000 man force (rather than the 80 billion yen tentatively budgeted) and that for a build up to a force level of 180,000, 226.5 billion yen would be required. The Ambassador continued:

"Believe Japanese Government actually plans maintain force 110,000. Difference in cost estimates due chiefly inadequate provision by Japanese Government for training areas and facilities, essential stocks of equipment, and support services including maintenance and repair of equipment. Also possible Japanese officials secretly hope US will volunteer substantial reduction in JG participation yen costs US troops to provide adequate financing NSF.

"Promised expansion NSF to 180,000 obviously not forthcoming in fiscal year 52–53 and now Japanese Government seeks postponement for another year. General Clark and I will press for expansion above 110,000 for purposes of record and tactics. I recognize however political difficulty Japanese Government in defending defense budget larger than current one and do not believe it possible obtain sum in excess 181 billion in 53–54 budget. In fact will be difficult persuade Japanese Government increase present estimate of 145 billion." (794.5/1–353)

No. 624

795B.11/1-753: Telegram

The Ambassador in Japan (Murphy) to the Department of State [1]

SECRET Tokyo, January 7, 1953—3 p.m.

2164. President Rhee met informally with Yoshida, Okazaki, Clark and myself 6 January. [2] Meeting was marked by ostensible cordiality and began with fairly lengthy dissertation by Rhee to effect that he had been glad to visit Japan as guest of General Clark; he remembered his preceding visits and then spoke very frankly regarding Korean relations with Japan, saying that he hoped ways and means could be found to improve them. He mentioned especially question of fishing rights, underlining poverty of Korean economy and Korean dependence on fishing for livelihood. He said that he hoped to see representatives of Japanese fishery associations to explain to them problem as viewed by him. He again said that Japan as bigger nation could afford to be more generous in its attitude toward Korea which sacrificed so much in struggle against communism and aggression. He said that at times he was outspoken in his views regarding Japan but he was actuated by friendly spirit.

Yoshida, while making show of good nature and cordiality, was extremely tight-lipped and noncommittal and literally throughout hours conversation contented himself with amenities and jocular references. At end of conversation, Yoshida referred to virtue of patience and said that in solution of all problems patience is essential.

Okazaki, apart from greetings, said not single word. He later told me that he was surprised that Yoshida had been so reticent as he had expected him to say more. He added that, of course, they had been through all this before at time of Mr. Rhee's earlier visit to Tokyo. I asked Okazaki whether this contact might lead to resumption of active negotiations looking to establishment of friendly relations between two countries. He said frankly he did not know what

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[1] Repeated for information to Pusan.

[2] Documents in file 694.95B indicate that President Rhee visited Japan at the invitation of General Clark and stayed in American military quarters.

In telegram 2138 from Tokyo, Jan. 6, Ambassador Murphy reported that Rhee had arrived the previous day and, in the presence of Okazaki, had made a brief speech, conciliatory in tone. "After dinner Rhee and Okazaki had confidential talk. At Rhee's request dinner proposed by Okazaki was canceled as Rhee said he much preferred to meet with Yoshida, Okazaki, Clark and myself for quiet conversation which is being arranged." (795B.11/1-653)

next step would be as question rested with Mr. Yoshida who had given no indication.

Clark and I took general line that US sympathetic to friendly relation between two countries but we avoided any appearance of attempting to influence conversation.

While contact was cordial and perhaps may lead to better understanding, conversation per se was sterile.[3]

MURPHY

[3] The Department stated in telegram 1739 to Tokyo, Jan. 19, repeated to Pusan, drafted and approved for transmission in NA, that it hoped Korea and Japan "in the spirit of good will resulting from the Rhee visit" would resume negotiations, and that while it did not want the U.S. to become involved in the substance of the talks, it did wish the Embassies in both countries to encourage them. The Department stated also its hope that Japan would have the "magnanimity" to make the first offer. (694.95B/1-1953) Documents in file 694.95B indicate that both missions actively encouraged the resumption of talks in the following months.

A Japanese-Korean Conference convened on Apr. 15, 1953, but talks apparently broke off again during the summer of that year. Despatch 2572 from Tokyo, June 2, 1953, contains a résumé of developments in the talks up to that time. (694.95B/6-253)

No. 625

794C.0221/1-753

Memorandum by the Director of the Office of Northeast Asian Affairs (Young) to the Assistant Secretary of State for Far Eastern Affairs (Allison)

TOP SECRET [WASHINGTON,] January 12, 1953.

Subject: Status of our work on the problem of the Ryukyus

The State Defense Working Group on the Ryukyus has met a number of times. State Department representation has been Mr. Stelle, Mr. McClurkin, Mr. Hawley and I. Defense representation has included Charles Sullivan, Lt. Colonel Lee of G–3, Colonel Yeaman from the JCS staff and a number of people from CAMG. We had understood the function of the Working Group to be to decide exactly what purposes are served by the United States forces in the Ryukyus and then to determine to what extent those purposes could be achieved otherwise than through the continuation of the present situation. However, the Defense position has been an inflexible presentation of the JCS viewpoint. They insist that United States retention in the present status of all of the Ryukyus and Bonins is essential to our strategic interests. They suggest a Presidential statement to declare, along with miscellaneous propaganda material, that we will not seek a trusteeship but will

continue our administration of the islands "until conditions of peace and security have once more been restored to the Far East."

Our efforts in the Working Group have therefore been somewhat confined. We have attempted to explore the exact reasons for the Defense position and have had some fairly frank discussions of the question of the strategic necessity for the retention of specific islands, concentrating especially on the Amami Oshima group and the Bonins. Actually, much of the Defense position with respect to these islands rests upon the administrative inconvenience of having to negotiate for rights with a foreign government. We have also tried to persuade Defense to proceed at once with a revision of the basic directive for the Ryukyus, designed to achieve an administration which would be less of a military occupation and which would place increasing responsibilities on the local inhabitants. In this connection, the Budget Bureau letters [1] to the Defense Department and to us offer useful support, although the nature of the Defense Department response (attached) [2] indicates something of their inflexibility.

In the meantime we have asked for the views of the Embassy, which were given to us in a lengthy despatch, No. 871 of November 4. [3] The recommendations at the conclusion of this memorandum are generally in accord with the Embassy's views.

Our present thinking is that it will not be fruitful to explore the matter much further in the Working Group. We are consequently preparing a paper to serve as the basis for securing a Department position which can then be discussed with the JCS or with the Department of Defense. If this reopening of the question does not produce a satisfactory outcome, we believe that the question carries sufficient political importance to warrant its being presented to the President. In summary, our memorandum will probably make the following recommendations:

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[1] Apparently two letters of Dec. 2, neither found in Department of State files. However, the letter to the Department of Defense is quoted in Deputy Secretary Foster's reply of Jan. 7 to Lawton, as follows: "I refer to your letter dated 2 December 1952 in which you requested 'that the Department of Defense, with the collaboration of the Department of State, review the problems of the United States in acting as the sole administering authority over the Ryukyu Islands, and propose such measures as may be determined to be appropriate.'" In the remainder of his letter, Foster reviewed his Department's thinking on the subject and the activity of the State-Defense Working Group. He stated that the Office of Civil Affairs and Military Government [in the Department of the Army] was preparing a revised directive for the civil administration of the Ryukyus. He concluded: "When the joint State-Defense working group has completed its study of the disposition of the Ryukyu and Bonin-Volcano Islands and the new directive for administration of the Islands is completed, I shall inform you further of progress made in resolving problems in connection with U.S. administration in the area." (794C.0221/1-753)

[2] See footnote 1 above.

[3] Not printed. (794C.0221/11-452)

1. The Amami Oshima group and the Bonins should be returned to Japan at a time in the near future to be selected with an eye to achieving the maximum political advantage for the United States. The return should be preceded by an agreement with the Japanese Government guaranteeing the rights we need on the islands to be returned. We might also secure a commitment from the Japanese Government to undertake a public information campaign in support of United States purposes in retaining jurisdiction over some of the islands.

We are not convinced of the strategic necessity for the retention of the Amami Oshima group; and we understand that some people in Defense may agree with us, just as FEC representatives "reluctantly conceded that Amami Oshima and some of its surrounding islands could possibly be returned to Japanese control without serious strategic loss if political necessity required this move." There is more question about the Bonins because of a submarine base on one of those islands; however, we think that our position should be to recommend they be returned to Japan. In any event, we should insist upon permission for the Bonin islanders to return.

2. At the time of the joint Japanese-United States announcement of the return of the Amami Oshima group and the Bonins, there should be a carefully worked out public statement by the President of the United States. This statement would announce the return, reaffirm Japanese residual sovereignty and explain in guarded fashion the basic reasons for United States retention of some of the islands.

3. Immediate steps should be taken to issue a revised directive for the Ryukyus and to increase the degree of self-government.

4. Retention of United States control over Okinawa on a long-term basis is essential to United States security requirements in the Far East. Exclusive United States right to use Okinawa also is required on a long-term basis in case Japan one day restricts United States military facilities in Japan or adopts a position of neutrality.

No. 626

761.5622/1-1253: Telegram

The Ambassador in Japan (Murphy) to the Department of State [1]

TOP SECRET PRIORITY TOKYO, January 12, 1953—5 p.m.

2224. Mytel 2007. [2] Vice Foreign Minister Okumura called on me at his request January 10 and informed me that Foreign Office pro-

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[1] Repeated for information to Moscow.

[2] In telegram 2007, dated Dec. 23, Ambassador Murphy responded to Departmental inquiry that, although the subject had not yet been discussed with the Japanese Government, it was his opinion that "some form of Japanese protest and possibly warning would be most advantageous now that USAF is adequately prepared deal with overflights which was not case in November." (761.5622/12-2352) See also telegram 2078 from Tokyo, Document 622.

posed issuing following statement warning Soviet Government on Hokkaido overflights.

"Violations of our territorial air over Hokkaido by foreign military planes have of late become increasingly frequent. Such trespasses are not only forbidden under international law, but they constitute also a grave menace to the security of Japan.

The Government has therefore decided to take the necessary measures, with the cooperation of the United States security forces stationed in Japan, to prevent such violations of Japanese aerial domains in the future.

The Japanese Government takes this opportunity to caution the foreign power concerned against repetition of such violations, and to declare that hereafter, for any consequences of the measures to be taken in order to repel intruding aircraft, the entire responsibility will rest with the country to which the aircraft belongs."

Okumura asked whether we would concur and said matter would be considered by Cabinet Monday [3] afternoon. On his return to Tokyo today I discussed matter with General Clark. He agreed with my opinion that spontaneous Japanese statement on overflights at this time advantageous in view of upcoming discussion of whole problem of defense in connection with 1953 budget and that it should help to focus Japanese attention on existence of Soviet threat in Hokkaido area and upon Japanese need and determination to take proper measures for self-defense. Accordingly I informed Okumura we had no objection to statement. [4]

Press may request Embassy and FEC comment on Japanese public announcement. We would hope to limit remarks to comment that while Cabinet statement entirely spontaneous, Embassy and FEC agree with position Japanese Government has taken.

Okumura also informed me that Cabinet would consider on 12 January text of note which Foreign Office proposes to send Embassy requesting that US security forces take suitable action event of future overflight. He said text was being drafted and wished to know whether transmission such note would be agreeable. I informed him that there was no objection in principle to note subject of course to reading text.

Both General Clark and I presume Department would welcome such note embodying formal request of Japanese Government for support US security forces in matter. As soon as it is received text will be transmitted to Department. [5]

MURPHY

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[3] Jan. 12.

[4] The statement was released in Tokyo on Jan. 13.

[5] The draft Japanese note and the Embassy's draft reply were transmitted to the Department in telegram 2226 from Tokyo, Jan. 26. (761.5622/1-1253) In telegram

Continued

No. 627

794.5 MSP/12-552

Memorandum by the Assistant Secretary of State for Far Eastern Affairs (Allison) to the Secretary of State

TOP SECRET [WASHINGTON,] January 27, 1953.

Subject: Determination of Japan's Eligibility to Receive Military Assistance

Problem

Advisability at this time of requesting a determination of Japan's Eligibility to Receive Military Assistance.

Discussion

Mr. Lovett, former Secretary of Defense, in his letter to Mr. Acheson of December 5, 1952 (Tab A) [1] referred to a recommendation of the Joint Chiefs of Staff, in which he concurred, that "Japan be considered eligible for grant and reimbursable military assistance in accordance with the provisions of the Mutual Defense Assistance Act of 1949, as amended, and of the Mutual Security Act of 1951, as amended," and requested that you forward to the Director for Mutual Security a joint recommendation by the two Departments to that effect if you concurred from the political point of view.

Section 511 (a) of the Mutual Security Act of 1951, as amended, provides in substance that no aid authorized pursuant to this Act (other than reimbursable assistance provided under section 408 (e) of MDAP) shall be supplied to any nation unless the President finds that such assistance will strengthen the security of the United States and that country has provided certain assurances.

2237 from Tokyo, the Embassy proposed modification of the U.S. reply. (761.5622/1-1353) The Departments of State and Defense approved the exchange of notes, and suggested further changes in the U.S. reply, in telegram 1711 to Tokyo, Jan. 14. (761.5622/1-1353) The exchange of notes was made public in Tokyo on Jan. 17.

In the Japanese note, the government requested that "the United States authorities concerned take effective and appropriate measures to repel" the overflights, should they recur, "for the protection of the common interest of Japan and the United States of America." In the reply the Embassy stated that in accordance with this request, the "United States Government has instructed the Commander in Chief, Far East Command with all practicable assistance from the Japanese Government to take all possible measures necessary and proper under terms of the security treaty between the United States and Japan dated September 8, 1951, to repel all such violations of Japan's territorial air." (Text reconstructed from telegrams 2226 and 2237 from Tokyo and telegram 1711 to Tokyo.)

For a discussion of the interpretation placed upon this exchange of notes by the Japanese Government, see Martin E. Weinstein, *Japan's Postwar Defense Policy, 1947–1968* (New York, Columbia University Press, 1971).

[1] Not printed. (794.5 MSP/12-552)

While FE is in complete accord with the ultimate intent of the proposal, it questioned the advisability of requesting a determination under Section 511 (a) at this time since (1) Japan is not scheduled to receive grant military assistance under the Mutual Security Program during the current fiscal year; (2) at present military assistance to Japan is being financed by funds appropriated to the Department of the Army to which the Mutual Security Legislation is inapplicable; and (3) transfers of military equipment on a reimbursable basis are specifically exempt from the requirements of Section 511 (a). Therefore, no purpose would be served by such a determination at this time.

As a result conversations were held with officers in the Department of Defense with a view to clarifying the proposal contained in Mr. Lovett's letter. It has been agreed by the two departments that the proposed recommendation is premature and that no action should be taken at this time.

There is, therefore, attached for your signature a proposed letter to the Secretary of Defense formalizing this understanding.

Recommendation

It is recommended that you approve and sign the attached letter to the Secretary of Defense. (Tab B). [2]

[2] Not printed. The letter was sent to Wilson, over Matthews' signature as Acting Secretary, on Feb. 3. (794.5 MSP/12-552)

No. 628

Editorial Note

On January 30, the Psychological Strategy Board circulated PSB D–27, "Psychological Strategy Program for Japan", approved by the Board on January 15. The report, together with information concerning its drafting and implementation, is in PSB files, lot 62 D 333, a file of minutes and papers of the Psychological Strategy Board for the years 1951–1953, as maintained by the Executive Secretariat in the Department of State.

On July 29, the Board submitted to the President (and to the NSC) PSB D–47, "Status Report on the National Psychological Effort As of June 30, 1953, and Progress Report of the Psychological Strategy Board". According to the section on PSB D–27, two interagency committees, one chaired by the Ambassador, had been set up in Tokyo to coordinate its implementation. "Preparation of supporting plans, however, has been slow." (PSB files, lot 62 D 333)

No. 629

493.949/2-253

Memorandum by the Deputy Director of the Office of Northeast Asian Affairs (McClurkin) to the Assistant Secretary of State for Far Eastern Affairs (Allison)

SECRET [WASHINGTON,] February 2, 1953.

Subject: Japan's Export Security Controls.

This memorandum is submitted in accordance with your request for information on the public relations aspects of United States negotiations with Japan on export security controls and for recommendations on what may appropriately be said to the press and to Members of Congress. We may expect inquiries on this subject as the result of stories such as the brief item on the United Press ticker on January 31 stating that the Japanese Government had announced that, as a result of negotiations with the United States, agreement had been reached that ninety previously embargoed items could now be exported to Communist China.

Background

Under the bilateral agreement concerning the control of exports to Communist China, signed at Washington on September 5, 1952 [1] by representatives of the Department of State and the Japanese Embassy, Japan agreed to embargo all commodities included in the International Control Lists and the United States Control Lists. The specific controls to be applied to other items considered to be of strategic importance to Communist China was left for subsequent negotiation between representatives of the Foreign Office and our Embassy at Tokyo. These negotiations are now underway.

The negotiations at Washington which led up to the bilateral agreement, the existence of the agreement, and the current negotiations in Tokyo have been treated as secret by both this Government and the Japanese Government. Unexpected delays have occurred, however, in securing a coordinated United States Government position on the list of items under negotiation and it has probably become increasingly difficult for the Japanese Government to maintain the fiction that it is not consulting with this Government on export control policy. Approximately a month ago, however, the Chief of the Economic Affairs Bureau of the Foreign Office assured our Embassy (Tokyo's despatch No. 1252, January 2) [2] that in announcing the relaxation of controls on agreed items,

[1] See circular telegram 321, Document 599.

[2] Not printed. (493.949/1-253)

every effort would be made to avoid any connection with, or mention of the existence of, the bilateral agreement. In reporting the appearance of an article in the *Nippon Times* referring to United States "consent" to the relaxation of controls on specified items, our Embassy commented (Tokyo's No. 2225, January 12) [3] that the story appeared to be a leak which occurred in spite of Foreign Office precautions.

At the time of the bilateral negotiations, the Japanese representatives stated that the Japanese Government would probably find it advisable to make a statement in the Diet on its export control policy. To our knowledge no such statement has been made. It may be expected, however, that the question of United States influence on Japanese export control policy may now be raised in the Diet.

Basically we have received fine cooperation from the Japanese Government with regard to export security controls. The controls exercised by the Japanese are more stringent than those of any other country except the United States and Canada. Of the 400 items originally submitted to the Japanese as the basis for the negotiations at Tokyo, the Japanese accepted approximately 280 without question, reducing the area of negotiation to the remaining 120 items. Interagency agreement has not yet been obtained on 40 of these items due to the preoccupation of Department of Commerce technicians with other matters. With regard to the balance of approximately 80 items, our Embassy has been authorized to agree to quantitative controls instead of embargo on approximately two-thirds and has been asked to press for continued embargo on the remaining one-third.

[Here follow recommendations regarding public information policy.]

[3] Not printed. (493.949/1-1253)

No. 630

Editorial Note

In his memorandum of a conversation held with Admiral Radford on February 4, Allison reported on CINCPAC's views regarding several East Asian matters. The section on rearmament of Japan follows:

"*Rearmament in Japan.* Admiral Radford touched briefly on the problem of rearmament in Japan and expressed the belief that the Army was pushing the Japanese too fast toward rearmament. He felt it was necessary, and said he had told Admiral Fechteler, that

in bringing about the rearmament of Japan it should be kept in line with the development of Chinese forces on Formosa as well as Korean forces so that Japan would not be in a position of definite dominance over these countries. In his opinion, while it was important that the Japanese be on our side and while we should do everything possible to encourage this, we should have no illusions about the fact that the Japanese were interested first in their own concerns and that we should not put all our eggs in one basket and depend solely on the Japanese as our only friend with power in Asia." (790.5/2–453)

For additional sections of this memorandum, see Document 77 and volume XIII, Part 1, page 384.

No. 631

794.5/2–1353: Telegram

The Ambassador in Japan (Murphy) to the Department of State

SECRET PRIORITY TOKYO, February 13, 1953—8 p.m.

2642. Pass to Defense. Our recent experience with Japanese security budget points up obvious need of written agreement on subject of military assistance for Japan.

As Department is aware (Deptel 1651) [1] there has been evident during past months on part of Japanese Government stubborn wait-and-see attitude which seems to be based on following considerations: (1) Japanese domestic politics; (2) desire to know more about policy of new US administration; (3) determination to keep Japanese expenditures to minimum on theory that US so acutely concerned about defense that in last analysis US will supply deficiencies; (4) ignorance on part of most leaders in Japanese Government regarding high costs of modern defense establishment and apparently no appreciation of time-lag factor between planning and being able to place modern equipment and trained men in readiness; (5) desire to explore in detail question of Japanese production of military equipment and supplies.

Our efforts to persuade Japanese Government voluntarily to increase security budget for fiscal year 1954 apparently did succeed

[1] In this telegram, dated Jan. 6, drafted in NA and approved for transmission by Allison, the Department in part stated: "Disturbed by apparent unwillingness Jap Govt make adequate provisions for defense JFY 53–54 budget and agree some pressure shld be exerted privately on Yoshida and other appropriate officials in effort achieve our minimum objectives. From info available here no econ justification for defense appropriation below level current year and not convinced Yoshida support for new defense appropriations equal to current level wld jeopardize his position." (794.5/1–353)

in raising figure from yen 130 billions to yen 145 billions mytels 2101 [2] and 2248) [3] but this increase may be apparent rather than real because it includes yen 18 billion planned for vessel construction for coastal safety force. There is possibility that this item may be eliminated as it will be subjected to considerable discussion and attack in Diet.

As indication of Japanese reluctance provide necessary budgetary support for NSF even at current retarded level of 110,000, FCC points out that current budget proposed for fiscal year 1953–1954 yen 56 billions in place of minimum yen 99.6 billions which FEC estimates as necessary.

On the political scene we cannot rule out possibility of realignment of conservative leadership in such way as to provide more realistic treatment of national defense needs. There is also possibility that Yoshida's "gradual approach" formula to rearmament may find political climate propitious later in year to permit increase of NSF ceiling from 110,000 to 150,000 which would require supplemental defense budget. At present this appears doubtful. While foregoing does not lead us to expect any form of request for military assistance from Japan in immediate future, General Clark and I have Embassy-FEC consultative group working on form which such military assistance might eventually take so that when and if political picture changes, we will not be found lacking a plan but would be in position to present to Japan carefully worked out plan as basis for assistance program. As work of this group takes shape, it will be submitted to Department for comments.

Objective of such planning should be an agreed position which both US and Japan can accept as guide for cooperative action; otherwise US financial support might conceivably fail and Japanese Diet on other hand could intervene to defeat program perhaps at critical juncture. This seems to add up to need for frank discussion with Japanese Government at propitious moment which would probably have to include understanding regarding disposition of article 9 of Japanese constitution in effort to conclude an agreement on military assistance.

General Clark and I studying proposal (see Young's letter January 31 regarding Iseki talks) [4] to establish combined planning

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[2] Document 623.

[3] Dated Jan. 13; in it the Ambassador reported Cabinet approval of a defense budget of 145 billion yen, of which 62 billion yen was for support of U.S. security forces. (794.5/1-1352)

[4] Not found in Department of State files. Yujiro Iseki, Director of the International Cooperation Bureau at the Foreign Ministry, was also the Japanese representative on the Joint Committee created by the Administrative Agreement. Concerning his visit to Washington in January, see airgram 696, Document 637.

group including representatives of Embassy and FEC as well as interested ministries of Japanese Government in order consider broad problems raised by proposed military assistance program. In any case negotiation such agreement would require participation diplomatic and financial as well as military experts and possible wider initial understanding and support could be obtained by their participation at early stage of discussions. General Clark, who has seen this message and concurs, will shortly submit to Defense his concept of the most advantageous balance of Japanese forces for immediate future.

I would appreciate benefit of Department's thinking and advice because I believe that present irregular arrangement should not be prolonged if for no other reason than it gives Japanese Government greater leverage in extracting from us larger concessions.

MURPHY

No. 632

396.1/2-1653: Telegram

The Ambassador in Japan (Murphy) to the Department of State

SECRET TOKYO, February 16, 1953—5 p.m.

2656. Embtel 1977. [1] Foreign Minister Okazaki tells me that Yoshida requested him to discuss with me possibility of some form of tripartite discussions (US, Britain and Japan) re several issues of importance such as recent US order affecting Seventh Fleet, [2] question of blockade of Chinese coast and Korean conflict. Concerning latter, Okazaki explained that this does not contemplate actual hostilities in Korea obviously as Japan is not party, but what is contemplated is matters such as question of eventual bombing of points in Manchuria.

I mentioned fact that Yoshida some weeks ago had expressed desire to have tripartite talks in Tokyo (see mytel 1977). Okazaki replied that this is same idea brought up to date. He explained that after mentioning idea to me, Yoshida had also asked him to broach subject to British Ambassador but that latter had been unresponsive. He said that idea would be to have discussion among repre-

[1] Dated Dec. 20, 1952; in this telegram the Embassy reported that in a conversation held in Tokyo with Senators Bourke B. Hickenlooper (R-Iowa) and John J. Sparkman (D-Alabama), Prime Minister Yoshida had suggested a tripartite conference of the United States, the United Kingdom, and Japan, to be held with the object of arriving at a joint policy. (790.00/12-2052)

[2] For documentation concerning the order announced by President Eisenhower in his State of the Union address on Feb. 2, see Documents 73 ff.

sentatives with authority to speak freely although not necessarily making commitments of any kind. In their opinion, he said, Ambassador Dening not suitable because of his supercaution and tendency to stick well within letter of his instructions. Perhaps, he said, Washington would be better place than Tokyo but they preferred Tokyo. If necessary, he could go to Washington.

I said that I would report what he said to Department and that due to change of administration obviously Department had not had opportunity to consider idea as yet. Of course, there would be reservations to such a plan stemming from other interested countries, I said, and added that naturally we are always eager to have benefit Japanese views and certainly want them to understand ours.

Okazaki then launched into review of Japanese experiences with blockade of Chinese coast and difficulties which arose re control of land frontiers. At present, he declared, coastal blockade would emphasize importance and increase Communist Chinese reliance on volume of supplies from USSR. Flow of goods over Thailand, Burma and India would increase. He assumed blockade would apply to ports of Dairen and Port Arthur but not to Vladivostok. Hong Kong, he said, is a two-way street useful both to Chinese and outside world which lives by smuggling. Imposition of blockade would not necessarily mean Chinese occupation of Hong Kong. He discounted Chinese Nationalists strength to make large-scale landings on mainland, saying he felt Chinese Nationalist potential limited to small landing parties able to hold very limited territory for five or six days and that only possible with American aid. He asserted Japanese Government believes there would be many defections of individual members of Chinese Nationalist landing parties if attempted on large scale. He said this would be true especially of soldiers and aviators in the older age brackets, men aged 28 or 29 because of family ties. He also stressed that Japanese Government believes Chinese Nationalist Forces' reputation not good in many regions China mainland because of extortion allegedly practiced by them at time their departure from area. He referred frequently to Japanese experiences in occupation portions China requiring ever deeper penetration of territory with accompanying headaches of supply, especially foodstuffs for millions of people. He seemed to assume that Chinese Nationalist Forces would be as unpopular with Chinese people as were Japanese.

This is first time that Okazaki has spoken to me in this vein reference China. He said there had been some discussions in Cabinet on subject but I am uncertain of his reason for stressing the problem now except perhaps as prelude to suggested tripartite talks.

MURPHY

No. 633

790.00/2-1653

Memorandum by the Assistant Secretary of State for Far Eastern Affairs (Allison) to the Secretary of State [1]

SECRET [WASHINGTON,] March 3, 1953.

Subject: Attached Telegram to Tokyo. [2]

Discussion

Foreign Minister Okazaki recently renewed with Ambassador Murphy an earlier Japanese request for tripartite (United States, United Kingdom and Japan) discussions in Tokyo of such major international issues as the Korean conflict, a blockade of the Chinese coast, and the recent United States order concerning the Seventh Fleet. [3]

From various indications, including comments in the Diet by members of the opposition and of the Liberal Party, we are sure that what the Japanese have in mind is a desire to be consulted in advance by the United States before any major steps, such as the bombing of Manchurian air bases, which might possibly bring retaliation from the Communists of a nature to involve Japan directly. Clearly, we can not commit ourselves to such advance consultations. However, we are anxious to the greatest extent possible to develop mutual discussions with the Japanese of these larger issues. Doing so will give them a sense of participation in the struggle against Communism and will also, we hope, help to move them to take more effective measures to contribute to their own defense.

We have, therefore, drafted the attached telegram which gives encouragement to the general idea of frequent high-level discussions with the Japanese on such questions but recommends that they be kept to a bilateral basis and that they be held in Tokyo. In

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[1] Concurred in by H. Freeman Matthews and by the Department of Defense.

[2] Telegram 2147 to Tokyo, drafted in NA on Mar. 2, was approved by the Secretary personally on Mar. 5 and sent that day. It contained some information on U.S. views on the topics mentioned in paragraph 1 of this memorandum, which was to be given the Japanese Government along with the following comment on the question of talks: "US interested discussions with Japanese Government continuing basis major international issues which directly or indirectly affect Japan. Because of desirability frequent and continuing discussion with highest officials Japanese Government seems preferable as Japanese suggest such discussions take place Tokyo. For reasons Okazaki suggested and also contribute to free and frank exchange views believe discussions should be bilateral instead tripartite." (790.00/2-1653)

In telegram 2997 from Tokyo, Mar. 17, Murphy replied: "I reviewed with Okazaki last evening substance your telegram 2147. He said he fully understands Department's position; he is disappointed but not surprised. He said he would like to think matter over and discuss it with Cabinet." (794.00/3-1753)

[3] See telegram 2656, *supra*.

commenting on the specific questions raised by the Japanese we have in general followed the substance of your conversation of February 19 with Ambassador Munro.[4] This telegram should serve the purpose for the present. If you are able to go to Japan later this year, your discussions with the Japanese at that time will undoubtedly serve as the complete response to the Japanese request.

Recommendation

I recommend that you sign the attached telegram.

[4] The memorandum of this conversation by G. Hayden Raynor, Director of the Office of British Commonwealth and Northern European Affairs, is not printed. (Secretary's Memoranda of Conversation, lot 64 D 199)

No. 634

694.95B/3-1053

Memorandum of Conversation, by Roderic L. O'Connor, Special Assistant to the Secretary of State [1]

SECRET NEW YORK, March 10, 1953—10 a.m.

Participants: The Secretary
Dr. Yong Tae Pyun, Foreign Minister of Korea
Roderic L. O'Connor

(This is a very summary account of the meeting. O'Connor was not present during all of it, and therefore this memorandum cannot be regarded as complete.)

The Korean Foreign Minister opened by stating that he felt that something was coming in Korea, that this was his hope and his feeling. He stated that he and his people were anxious to see a military advance made there. He also stated that they were anxious to have an international assurance that they would be included in a mutual defense pact for the Far Eastern area, including the ANZUS countries. He expressed fear that the Japanese still harbored the desire ultimately to take over Korea.

The Korean Foreign Minister stated that the Japanese were anxious to conclude a nationality pact which would permit them a free hand in the deportation of Korean residents in Japan and that they also desired to enter into a commercial pact which would give the Japanese special trading advantages in Korea. The Foreign Minister stated that Korea could not allow either such pact. He

[1] The following is typed above the drafting line: "Checked with NA: ABEmmons". Arthur B. Emmons was Officer in Charge of Korean Affairs. This conversation took place at the Waldorf Towers.

also stated that his government was very anxious that there should not be many Japanese nationals living in Korea doing business there, that large numbers of Japanese nationals in Korea during a time of hostilities represented a great danger.

The Secretary pointed out that without adequate trade the Japanese were bound to suffer economic strangulation which would result in their almost certainly turning to the Communist side. He said that Korea would do well to balance these risks against the fear that the Foreign Minister had expressed of the Japanese domination of Korean trade.

The Korean Foreign Minister brought up the issue of fishing rights. He expressed himself very strongly on the fear of Japan's being able to take over Korean fishing grounds while the Koreans were waging war. The Secretary stated that the problem of fishing rights was a worldwide problem, that in general the U.S. position was based on the premise that there could be no preemption of fishing grounds beyond the three-mile limit. There was then some discussion of the salmon pact. The Korean Foreign Minister terminated the appointment by stating that the Japanese fishing fleets were at this time forcefully fishing in Korean waters and had refused to continue negotiations on this matter.

RLO'C

No. 635

Matthews file, lot 53 D 413: Telegram

The Joint Chiefs of Staff to the Commander in Chief, Far East (Clark)

TOP SECRET
PRIORITY

WASHINGTON, 10 March 1953—[3:08 p.m.]

JCS 933381. From JCS.

1. Views expressed in ur ltr 11 Nov 52, subj "Proposed FY 54 Mil Assist Program for Japan" [1] have been considered.

2. Because, as pointed out by you, "most immed and greatest single threat to security Japan lies in Commie air threat," JCS feel that nucleus for Jap air forces shld be established and advice given Japs on plans their further development ASAP. This appears feasible light of ur comments and recommendations.

3. While recognizing there is considerable merit from economy viewpoint in establishment, initially, all air elements of Jap Natl Safety Force in single Service, discussions with Jap Prime Min will

[1] Not found in Department of State files.

be framed to determine desires of Jap Govt re method integrating air elements of Jap Def Force into Natl Safety Agency.

4. Accordingly, recommendations contained in para 4 ur CX 58128 [2] are approved subj to appropriate changes ur proposed general framework of ref to reflect substance paras 2 and 3 above.

5. a. Fol info furnished in response to request contained in para 4 C of ur CX 58128:

(1) Sufficient jet aircraft have been included in current USAF program to equip two Jap Rons in first half FY 54 (on assumption that Korean hostilities end 30 Jun 53).

(2) $1,741,585 was included in USAF FY 53 budget toward purchase Ron equipment (less aircraft) for above two Rons.

(3) On 30 Oct 52 JCS fwdd Sec Def mil guidance for development detailed mil assist program for FY 54.

Major combatant force basis for Jap Air Force was as fol:

9 Interceptor Rons	(UE 25 a/c)
3 Interceptor (All-Weather) Rons	(UE 25 a/c)
6 Fighter-Bomber Rons	(UE 25 a/c)
3 Tactical Recon Rons	(UE 18 a/c)
6 Transport Rons	(UE 16 a/c)

(4) Def submitted illustrative FY 54 mil assist requirement for Jap mil forces to Office, Dir Mutual Security (ODMS) 26 Sept 52. This program totaled $521.7 million; breakdown as fols: $308 million Army, $30 million Navy, $183.7 million Air Force. As result Budget hearings, Pres US on 22 Dec 52 approved MSP budget which included sum of up to $300 million for Japan. Proposed FY 54 program, including $300 million Jap program, is now undergoing further review. JCS inter-service breakdown of Jap program, based on $300 million material program, is as fols: Army—tng support for 4 divs (equipped under Def appropriations): Navy—5 AMS; Air Force—3 Rons.

b. Info contained in subpara 5 a above, plus JCS force basis for FY 54, may be used as general framework of ref for discussions with Japs. These discussions shld not be restricted to build-up of Jap air forces but shld cover all Jap Def Forces since justification mil assist is largely dependent on overall def program. State sending simultaneous msg to Amb Murphy this matter giving policy guidance re discussions with Japs. Def has concurred in State msg. Further you and Amb are authorized, at such time as you both agree propitious, develop these discussions to lead to conclusion of bilateral mil assist agreement between United States and Jap Govt as required by MDA Act of 49, as amended. Draft "boiler plate"

[2] In this message, dated Oct. 31, Clark asked JCS authorization to discuss air defense measures with Prime Minister Yoshida. (Department of Defense files)

agreement will be furnished through State channels. Any substantive changes this draft agreement must receive clearance from State–Defense–ODMS.

Re ur desire, ur CX 60553, Dec 52, [3] and Ambs msg 1475 to State, 6 Nov 52, for written commitment from Jap Govt covering expansion forces, such an agreement cld be classified annex to unclassified bilateral agreement. Timing conclusion such written agreements need not be before Congressional presentation, but is required by law before del material, services, or tng under MS Program. However, justification of FY 54 program for Japan to Congress wld be facilitated by at least oral statement intent to raise and develop forces to utilize equipment provided by FY 54 program.

It is emphasized that it is imperative that no commitments, either expressed or implied, be made to Jap Go.t ref size and nature of possible future mil assist program or ref forces which such program wld support. Conversations shld be on order of magnitude and it shld be repeatedly emphasized that aid program figures are tentative and used as basis of discussion only.

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[3] Dated Dec. 26, not printed. This message is quoted at length in telegram 2079 from Tokyo, Dec. 30, not printed. (794.5/12–3052)

No. 636

794.5/3–1253

Memorandum by the Assistant Secretary of State for Far Eastern Affairs (Allison) to the Secretary of State

TOP SECRET [WASHINGTON,] March 12, 1953.

Subject: Joint Defense Planning in Japan.

Background

The Security Treaty between the United States and Japan is based on the expectation that "Japan will itself increasingly assume responsibility for its own defense". While some progress has been made in the development of Japan's defense forces, the Japanese Government has been reluctant, for political and economic reasons, to press consistently for rearmament. Progress to date falls short of previous United States expectations.

The Japanese Diet has authorized a strength for the National Safety Force (ground forces) of 110,000. Approximately 100,000 men are now in uniform. The United States has equipped those forces with both heavy and light equipment. Sixty-eight United States

Coast Guard-type vessels are in the process of being transferred to the Japanese Coastal Safety Force. In addition, the Coastal Safety Force is operating forty Japanese World War II minesweepers. Japan has no air force.

United States plans envisage the development by Japan of a balanced ten-division ground force (total strength of 325,000) and defensive air and naval arms. United States views with respect to the ultimate strength of Japan's forces have not been revealed to the Japanese Government.

A total of $528 million has been made available through Army appropriations for equipping the Japanese ground force. Under these appropriations, special Presidential authorization was given for loaning equipment to the Japanese, and to date about $80 million worth of equipment has been loaned and an additional $170 million programmed. These amounts are approximately enough to take care of the present 110,000 man force through Fiscal Year 1953. The total of $528 million is estimated to be enough to provide for a six-division (180,000 men) force. The Department of Defense is proposing to introduce legislation into the present session of Congress authorizing the transfer of this equipment to the Japanese. It is expected that additional funds of up to $150 million, a major part of which will be for aircraft procurement, will be included in the Fiscal Year 1954 Mutual Security Program. Because of the long lead-time on aircraft, they will not be available for transfer to the Japanese before 1956. Since military assistance to Japan has to date been financed by Army appropriations, no bilateral agreement under Mutual Security legislation has been required; such an agreement will be required before equipment or services can be provided Japan under the Fiscal Year 1954 Mutual Security Program. Representatives of the Ministry of Foreign Affairs, in a recent conversation with Embassy officials, expressed a desire to begin discussions of a bilateral military assistance agreement.

A Joint (Military) Planning Board has been established in Japan to consider questions of combined command, disposition of forces, and other military matters. However, there is no formal mechanism for joint consideration of the political and economic aspects of rearmament, and the Joint Planning Board has as yet achieved little in the way of concrete results. Some of the Japanese have emphasized that two major obstacles to Japanese rearmament are the lack of information in the Japanese Government as to the policies and long-range objectives of the United States with respect to Japanese rearmament and a lack of genuine mutuality in approach to this problem.

Current Action

After clearing it within the Department with EUR, S/MSA, S/P and G and securing the concurrence of Defense and the Office of the Director for Mutual Security, we have sent the attached airgram (Tab A) [1] to Tokyo. The Joint Chiefs are sending a similar telegram (Tab B) [2] to General Clark. Our airgram lays down broad policy guidance for the Ambassador and gives him discretion as to the method and timing of the approach which he and General Clark will make to the Japanese. In summary, the airgram:

(1) warns against the danger of exerting too great pressure on the Yoshida Government;
(2) authorizes discussion with the Japanese of the Joint Chiefs of Staff force goals for Japan and the working out with the Japanese of a timetable for the development of their forces; and
(3) authorizes the commencement of the negotiation of a mutual defense assistance agreement with the Japanese.

In order to allay any fears that they may have that we are moving too rapidly or too far with Japanese rearmament, we plan to discuss soon with representatives of Australia, New Zealand, the United Kingdom, France, Canada, and the Philippines the general nature of our thinking with respect to Japanese defense, including the force goals which we have in mind at present.

[1] *Infra.*
[2] *Supra.*

No. 637

794.5/2-1353: Airgram

The Secretary of State to the Embassy in Japan

TOP SECRET WASHINGTON, March 12, 1953.

A-696. Embtel 2642. [1] The Department is concerned over the failure of the Japanese Government to take a more positive approach on defense questions, but appreciates the limitations imposed by the present political climate and wishes to avoid any pressure on the Yoshida government which may jeopardize its position and result in longer delays in the defense buildup. The rearmament question was discussed with Iseki by Defense and State officials during his recent visit to Washington. He indicated that the major obstacles to the Japanese rearmament program are lack of information in the Japanese Government regarding long-range United

[1] Document 631.

States military objectives in Japan and lack of mutuality in the approach to the Japanese rearmament problem generally. His view, which the Department shares, is that the Joint Planning Group is an inadequate instrument for joint military planning and that the terms of reference and the representation on both sides must be enlarged if the military and related economic and political problems are to get adequate attention.

In view of the desirability of obtaining maximum Japanese Government understanding of, and participation in, the defense program for the Japan area, it is considered advisable that you and CINCFE continue the discussions with the Japanese Government regarding the long-range United States military objectives in Japan. Conversations should cover the overall defense problem, including a statement of the United States military policy vis-à-vis Japan, force goals, objectives with respect to the production of military goods in Japan, military assistance, and a joint planning organization. Subject to your and CINCFE comments, these discussions should include the following points:

1. Basic Policy Objective. The United States policy is to assist Japan to develop balanced ground, sea and air forces which ultimately will be capable of assuming responsibility for the defense of Japan against external aggression.

2. Force Goals and Timing. The details of the Joint Chiefs of Staff force goals of December 1951 [2] for the Japanese ground and naval forces and air force goals which were approved by the Joint Chiefs of Staff on October 30, 1952, should be revealed to the Japanese Government. Defense is sending out a concurrent telegram which will contain this information. As to timing, you should indicate the time lag in the production of aircraft and other heavy equipment, but stress the possibility of beginning the training of pilots and technical personnel as soon as the Japanese Government is ready. You are urged to stress the utmost importance of maintaining the secrecy of your disclosure to the Japanese Government of United States views with respect to the Japanese military force.

The Japanese Government should be urged to consider these goals in detail, to discuss them jointly with you and CINCFE in the light of their own thinking, and to work out mutually acceptable plans for the development of their defense forces, including the time schedule for the achievement of force goals and for the transfer of responsibilities. Emphasis should be placed on the development of joint long-range plans. Although it is considered highly desirable to negotiate a formal written agreement along the lines of the recommendations in your telegram 2642 and including the section 511 (a) assurances, such written agreement is not actually required by law until goods or services are delivered to the Japanese under the Mutual Security Program. Therefore, from a legal point

[2] See the memorandum from the Joint Chiefs of Staff to Secretary of Defense Lovett, Dec. 12, 1951, *Foreign Relations*, 1951, vol. VI, Part 1, p. 1432.

of view, a written agreement is not required for several months, although negotiations can take place at an earlier date if politically feasible. In any event, the first step is to lay United States plans and objectives before the Japanese and establish a forum which can discuss and reach agreement on these basic policy questions. The Department's comments on your proposed mutual defense assistance agreement, which were contained in your telegram 2795, [3] will be forwarded soon. The agreement as to force goals and timing, joint command, transfer of responsibilities, etc., can be handled in a separate classified document. The need for consistency with agreements with other countries and the interest of other Washington agencies necessitate prior clearance of such agreement in Washington.

3. United States Assistance. In the interest of the collective security of the free world, the United States is prepared to assist Japan, subject to Congressional authorization, in the development of its forces on a basis comparable to the assistance being provided other governments. At whatever point in these continuing discussions you consider that it is desirable, the Japanese Government may be informed that up to $500 million worth of equipment can be made available for Japanese ground forces under Army appropriations already made. This includes the equipment already loaned to the National Safety Forces. Legislation is being prepared which will authorize the transfer of the equipment already loaned and of additional equipment as required. In addition, the Fiscal Year 1954 Mutual Security Program may propose that Congress authorize the expenditure of additional funds, including funds for aircraft procurement. Action by Congress on legislation and decisions with respect to actual turnover of equipment to the National Safety Forces will be influenced by the decisions of the Japanese Government on its own program for defense.

It is imperative that no commitments, either expressed or implied, should be made to the Japanese Government regarding the size and nature of possible future military assistance programs. The conversations should be on the order of magnitude, and it should be emphasized that the aid program figures are tentative and used as a basis for discussion only. It should be pointed out, however, that effective planning and Congressional presentation of these programs require: (1) a joint understanding as to force goals, time-phasing, and equipment requirements; (2) an analysis of Japan's capacity to produce or finance such equipment; and (3) an analysis of the total defense burden which Japan is capable of assuming. The Fiscal Year 1954 Program is still uncertain. For your information only, it is expected to provide a maximum of $150 million new funds, with the bulk going for aircraft procurement.

4. Defense Production. The United States desires to assist Japan in the development of its capacity to produce military equipment and supplies, the production of which in Japan is determined to be in the mutual interest of both Japan and the United States. The United States desires to discuss with Japan its military production potentialities and its problems associated with such production. It

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[3] Dated Feb. 27, not printed. (794.5 MSP/2-2753)

is essential that Japan be, within the limits of strategic considerations and its capacity to finance, able to produce in Japan the maximum share of her needs. It should be stressed that discussion of this problem would be greatly facilitated by a joint agreement on long-term military objectives, timing and equipment requirements. The United States will assist in this development through the provision of technical assistance, off-shore procurement, and other means consistent with strategic and other considerations and where necessary to supplement Japan's own efforts. In view of the present uncertainty of the future off-shore procurement program, this program should not be unduly stressed.

5. Tokyo Organization. State and Defense have noted the reference, in the penultimate paragraph of your telegram 2642, to your consideration with General Clark of the possible establishment of a combined planning group. If you and he agree to the establishment of such a group, there is no objection here.

For your information, State intends to discuss the Japanese rearmament program with Australia, New Zealand, the United Kingdom, France, Canada, the Philippines, and possibly other governments in the near future, in an effort to allay fears of the creation of a Japanese military force of aggressive potentialities. These discussions will stress the defensive character and general size limitations of the planned forces, the economic limitations of Japanese rearmament, the Security Treaty which permits the stationing of United States forces in and around Japan, and United States security treaties with other governments.

Defense concurs in this airgram and is sending a simultaneous message to CINCFE regarding this matter. State has concurred in the Defense message.

DULLES

No. 638

794C.0221/3-1853

Memorandum by the Assistant Secretary of State for Far Eastern Affairs (Allison) to the Secretary of State

TOP SECRET [WASHINGTON,] March 18, 1953.

Subject: Future Disposition of the Ryukyu and Bonin Islands.

The NSC policy paper on Japan, which was approved by the President on August 7, 1952, left unresolved the question of the disposition of the Ryukyu and Bonin Islands as a result of a difference of opinion between State and Defense. Subsequent extensive staff discussions have revealed no change in the Defense position, the

JCS having determined that retention of all of these islands in their present status is essential to United States strategic interests.

As a result of the reporting from the Embassy on this subject and the detailed discussion with Defense of the strategic factors involved, we have reached the following tentative conclusions.

1. It would be undesirable to apply for a trusteeship. Not only would there be numerous difficulties created by United Nations requirements, but the application would intensify our political problem with the Japanese, who would regard this action as a step away from the return of sovereignty to them. Defense concurs in this position.

2. On the islands and in Japan the question of their status remains an acute political issue aggravated by the fact that an inadequate job is being done for the inhabitants in such important areas as education. The issue is most acute with respect to the Amami group, which, both racially and politically, has been more closely tied to Japan.

3. As our main military base in the Far East, and as the base from which our long-range strategic bombers operate, Okinawa is of such major strategic importance that we should retain it in its present status while the tensions in the Far East continue. This has advantages for the Japanese, too, since it will enable them to disclaim responsibility if we should have to utilize the base for operations in Indochina and on the mainland of China.

4. The Bonin Islands include a submarine base, but the case for the strategic necessity for their retention is weaker than for Okinawa. In addition, approximately 7,000 former inhabitants of the islands who were evacuated during the war and want to return, constitute a political problem. The Navy has been unwilling, for security and economic reasons, to allow them to return.

5. The strategic factors are least important for the Amami group. The only military considerations appear to be the necessity for stations which will form part of the radar warning network and the existence there of the best typhoon anchorage in the area. These problems could readily be handled by agreement with the Japanese whenever it is decided to return these islands to Japanese administration.

6. There is an urgent necessity for an improved civil affairs directive which will make possible more adequate administration of the islands over which we retain control, which will give an increasing degree of self-government to the inhabitants, and which will allow the Japanese to perform certain functions, such as the provision of consular services for Ryukyuans travelling abroad. The Bureau of the Budget is interested in this problem, and has urged reconsideration of the present arrangements. Defense is prepared to proceed with a modification of the present civil affairs directive as soon as the basic policy question is settled.

These conclusions are reinforced by Telegram 2968, of March 13, from Tokyo, Tab A. [1] Ambassador Murphy reports General Clark's

[1] Not printed. (794C.0221/3–1353)

private opinion that retention of the Amami group is not necessary to our strategic interests, although he is precluded by the JCS position from saying so.[2] Ambassador Murphy also reports the continuing agitation in Japan over these islands, the special difficulties being created by the failure to provide adequate educational services, and the fact that the Japanese Government seems willing to differentiate between Okinawa and the Amami group. He recommends early action to ease the pressure for total reversion by arrangements for the return to Japan of administration over the Amami group.[3]

On the other hand, representatives from both the Australian and New Zealand Embassies, here, on instructions from their Governments, have informed us of their reluctance to have us yield our control over the Ryukyu and Bonin Islands and of their desire to be consulted before any alteration in the present situation. Although this question is likely to be a hot domestic political issue in both countries, we think that the problem will be reduced to manageable proportions if we retain control over Okinawa.

Last month, Dean Rusk[4] talked with us and subsequently with you about the possibility that the Rockefeller Foundation might finance a quick but thorough study by the Council of Foreign Relations of this whole problem. The study would lay a solid factual basis for decisions by the Government. I understand that you told him that developments in Washington within the next month or so might make such a study unnecessary. In light of the attached telegram from Tokyo, I believe that the time is at hand when we must make our decisions, and make a public announcement of them, probably at the Presidential level.

Recommendations

I therefore have the following alternative recommendations:

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[2] The section of the telegram concerning General Clark's opinion reads: "(General Clark has told me he personally shares my views regarding Amami but of course is under stricture of Joint Chiefs of Staff policy opposing change *status quo.*)"

[3] In a letter to McClurkin dated Mar. 24, Ambassador Murphy in part commented: "As you know, Okazaki is activating the Amami Oshima question right now because of the electoral campaign. He has mentioned the matter to me three times in the past week, the last time being yesterday when he lunched with me. He urges that some encouraging word be said by the United States at this time. He obviously wishes to demonstrate that the Japanese Foreign Office is not being negligent or dilatory regarding this important question. Quite apart from the electoral campaign the issue is an important one in the eyes of the Japanese. It will undoubtedly be agitated persistently. As much as I would like to be helpful to him in view of the apparently adamant position of the Joint Chiefs of Staff, I am at a loss to suggest what we could do. In my conversations with Okazaki I am merely passing the buck to you gentlemen in the Department." (NA files, lot 58 D 184)

[4] After his service in Japan as Special Representative of the President, Rusk resigned from the Department and became President of the Rockefeller Foundation.

(1) that I be authorized to arrange with Mr. Rusk for the financing by the Rockefeller Foundation of a 4-month study by the Council of Foreign Relations of the situation of the Ryukyu and Bonin Islands, or

(2) that I develop a paper for presentation either to Defense or to the National Security Council, making specific recommendations with respect to the disposition of the Ryukyu and Bonin Islands along the following lines:

(a) Okinawa should be retained in its present status while the international tensions in the Far East continue.

(b) The Bonin Islands should be returned to Japan, or arrangements made to allow the repatriation of those inhabitants who want to return.

(c) The Amami group should be returned to Japan at an early date, after agreement with Japan on the necessary rights there for military purposes, the precise timing to be determined with a view to obtaining the greatest possible political advantage.

(d) The civil affairs directive for the retained islands should be modified to provide increased self-government for the inhabitants and improved administration.

(e) After the decisions have been made, a public announcement should be made by the President of our intentions. [5]

[5] The following note is handwritten in the margin: "Mr. Allison—Please follow No. 2. JFD".

No. 639

611.94/4-2853

The Ambassador in Japan (Murphy) to the Director of the Office of Northeast Asian Affairs (Young) [1]

CONFIDENTIAL.
OFFICIAL–INFORMAL

TOKYO, April 2, 1953.

DEAR KEN: You will recall that during your recent visit to Japan you had an opportunity to discuss with some of my officers the over-all problem of criminal jurisdiction, to speak to Japanese Government officials about this matter, and to observe one of our frequent meetings with the Commonwealth Chiefs of Missions in Tokyo, where the subject was also discussed in connection with the current negotiations for an agreement to cover the United Nations forces in Japan. As a result of your talks with those persons in the

[1] Filed as an attachment to a covering note dated Apr. 28, not printed, from Young to Charles A. Sullivan, Deputy for American, South Asian, and Far Eastern Affairs in the Office of Foreign Military Affairs, Department of Defense.

field intimately concerned with this problem, I feel sure you left Tokyo with a greater understanding of the seriousness of the situation and its possible significance on future United States-Japanese relations. You will undoubtedly be kept informed of the situation as it develops, particularly with regard to Japanese reactions which should make themselves known during the election campaign in Japan. I wish, however, on the eve of my departure to set forth several considerations which have occurred to me in the hope that they may serve some useful purpose in dealing with the problem as we approach the April 28 deadline, [2] when the Japanese are certain to request reconsideration of Article 17 of the Administrative Agreement.

In the first place we are faced with the Japanese emotional factor. The Japanese, and I refer to various levels of responsible Japanese opinion in and out of government, do not always approach the problem realistically. They will admit quite frankly that the jurisdiction issue is a question of "national sentiment," and do not appear able to face the issue on a practical basis. Persons who should know better talk in terms of extra-territoriality and loss of sovereignty even though we have repeatedly pointed out that these concepts are not involved. Nevertheless, the press and Diet members are disinclined to re-orient their thinking.

Second, the Japanese are convinced that the present state of international law supports their position for split jurisdiction along the lines of the NATO formula, and they refer constantly to the NATO Agreement as their authority for this view. Even though the NATO Agreement may never come into force, they contend that it still represents the prevailing views and considered judgments of those statesmen who signed that treaty. They feel that they can accept this internationally-approved formula without loss of prestige and without injury to their "national sentiment". They are familiar with the fact that the Truman Administration supported the NATO formula and that the present Administration on February 27 also urged Senate ratification. This situation makes it difficult for us to discuss with the Japanese the international law on the subject, which is by no means uniform.

Third, criminal jurisdiction in Japan is a political football, with the Japanese apparently more interested in kicking the ball than in running with it. If there is any one thing that all political par-

[2] Article XVII provided that if the NATO Status of Forces Agreement had not gone into effect within one year of the effective date of the Administrative Agreement, the United States would at the request of Japan reconsider the question of criminal jurisdiction over U.S. official personnel and their dependents. Documents in file 611.94 for 1953 indicate that the Japanese Government instead chose to await the entry into force of the NATO Agreement, which took place on Aug. 23, 1953.

ties are agreed upon it is the desire for the NATO split jurisdiction arrangement. I would venture to say that if a Japanese in political affairs should undertake to espouse United States exclusive jurisdiction, his career would be in jeopardy. Thus, at a time when Yoshida appeared to have complete control of a majority in the Diet, he did not dare to take to the Diet the issue of exclusive jurisdiction for the U.N. forces in Japan; and I have yet to see any evidence that any political or governmental group is prepared to sponsor such jurisdiction at this time or in the future. It is my impression also that many important Japanese bureaucrats, including those dealing with the Administrative Agreement, feel strongly that Japan should fight for the split jurisdiction formula.

As a final consideration, I need not remind you that the die was cast in the Administrative Agreement negotiations when we promised to give the Japanese NATO treatment upon Senate ratification or else to reconsider the subject after April 28 of this year. This they consider an implied promise to turn over some jurisdiction to them, and they would undoubtedly consider a refusal to give way as a breach of good faith.

There may be a number of explanations for these Japanese attitudes. I would explain them by saying that they are the reaction to the many years of occupation, and also a reassertion of the national pride of a sensitive people. Okazaki recognizes this, and I am sure others in government office have the same feelings. Last fall Okazaki told me, with reference to the question of jurisdiction, that the Japanese are a people suffering from an inferiority complex which is reflected in their strong desire to exercise jurisdiction in the present instance.

What then is the solution—what should we do? Obviously the simplest answer is U.S. ratification of the NATO Agreement. In the event, however, that the Senate does not ratify NATO, or else tables the treaty indefinitely, we will be faced with a decision which will have to be measured in terms of the relative merits of military exigence versus political prudence. At this point, I don't believe that the Japanese will give up easily, and I think it would be dangerous for us to apply such pressure on them as might conceivably obtain our objectives on criminal jurisdiction at the expense of alienating the friendly Japanese relationships and popular support, which are so essential for the successful mission of our forces in Japan. I can think of nothing short of re-enactment of the Asiatic exclusion law that would be more calculated to arouse the resentment of all classes of Japanese.

In the event the Senate ratifies NATO, the Japanese will most certainly ask for similar treatment, and, under the terms of the Administrative Agreement, apparently are entitled to get it. This

does not mean, however, that the Japanese may not be willing in certain situations to waive jurisdiction in our favor. Last September we had indications in the U.N. Agreement negotiations that the Japanese were interested in exercising jurisdiction only in a limited category of major offenses—five in all. Whether the Japanese would be so inclined if they had the NATO formula is hard to say. If the Japanese are given jurisdiction over our troops in Japan, they may make use of it for an initial period to assert their authority and satisfy their so-called inferiority complex. Nevertheless, I should expect that we would be in a position at the same time to arrive at some working arrangement with the Japanese whereby they would relinquish more and more of their jurisdiction on an informal basis, other than by means of a written commitment, perhaps on the Provost Marshal-Japanese police level.

Should the Senate disapprove of NATO or pigeon-hole it, we can no longer use the argument with the Japanese that the *status quo* must be maintained so as not to affect the chances of NATO's ratification. The question then becomes wide open, and since the Japanese know that the President and the Secretary are behind the split jurisdiction formula, which can be granted in Japan without Senate approval, our position becomes even more untenable. I realize of course that a Senate rejection of the NATO formula would make it difficult to undertake any arrangements contrary to the Senate's policy, but the Japanese may not see it that way, particularly when they learn that the United Kingdom will put into effect the NATO jurisdictional formula on April 30, as part of its internal legislation, whether or not NATO comes into force. I don't think the Japanese will ever willingly continue to grant exclusive foreign jurisdiction if the NATO formula is in force in Europe. The most we can hope for is a watered-down version of the split jurisdiction, and I believe we can get it provided Europe takes it as well. At least we ought to try for it.

Apparently, there has been some thought given to taking the position that the existence of hostilities in Korea is cause for the retention of exclusive jurisdiction by one means or another. This position would have a great deal of merit if it were not for the fact that the Japanese would consider it as an obvious attempt to circumvent the provisions of the Administrative Agreement. These hostilities were in existence when the U.S. committed itself either to grant NATO treatment or to reconsider criminal jurisdiction after April 28, and although I was not present at the negotiations, I am reliably informed that the "hostilities" concept was never considered or discussed with the Japanese. Since the situation today is substantially what it was last year in this respect, I do not believe that the Korean hostilities offer us a sound basis for seeking reten-

tion of exclusive jurisdiction. I doubt the Japanese would concede that the hostilities in Korea justify continued United States exclusive jurisdiction because of the implication that Japan would be admitting a status of belligerency. Under these circumstances, therefore, any attempt to hold on to exclusive jurisdiction on the basis of hostilities in Korea presents a situation of compounded difficulty.

In this discussion I wish to make my own position clear. Under the Administrative Agreement the Japanese owed us at least one year of exclusive jurisdiction without recrimination or regret in order that our forces could readjust to the changed situation resulting from the Peace Treaty. To this extent at least they had paid their debt although at times with evident distaste on the part of the press and politicians. However, in view of our present position and policy, both in Japan and in Europe, it is difficult to see how we can withdraw from our implied promise to split our jurisdiction with Japan. We might have obtained more favorable treatment last year when the Japanese were willing to give us a better version than NATO. We may even be able to do it now, but with less possibility of success. The Japanese consider criminal jurisdiction as one of the foremost problems between the U.S. and Japan. There seems little doubt that if we press for better treatment than we receive in Europe, we are in for trouble.

We were delighted to have you visit with us, and I hope you enjoyed your stay in Japan as much as we enjoyed having you. I look forward to our next visit.

With warm personal regards, I am

Yours sincerely,

ROBERT MURPHY

No. 640

Editorial Note

On April 2, the United States and Japan signed at Tokyo a Treaty of Friendship, Commerce and Navigation, with Protocol. For text, see 4 UST (pt. 2) 2063.

Documents concerning the negotiation of this treaty are principally in file 611.944 for 1952–1953.

No. 641

794.00/4–553

The Ambassador in Japan (Murphy) to the Director of the Office of Northeast Asian Affairs (Young) [1]

CONFIDENTIAL TOKYO, April 5, 1953.

DEAR KEN: I lunched with Mr. Yoshida on April 2 at his house in Oiso and after lunch he handed me a confidential *aide-mémoire* of which a copy is enclosed.

On March 24 he also wrote me a penned note, a copy of which is enclosed. [2]

The three items which he mentions in these communications are very much on his mind, viz., (1) a World Bank loan for power development; (2) Japanese administration of Amami Oshima; and (3) release and/or reduction of terms of Japanese war criminals.

I don't know what, if anything, the Department can do about any of these, and I gave Mr. Yoshida no assurance that anything could be done while at the same time expressing sympathy in these issues which are of obvious importance in the electoral campaign. [3] I promised to pass them on to you for whatever consideration might be possible. Mr. Yoshida reiterated several times, as has Mr. Okazaki, that if some reassuring public statement could be vouchsafed by the United States on these subjects, it would be of great value to him.

All the best to you.

Yours sincerely,

BOB

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[1] A date stamp indicates that this letter was received in the Office of Northeast Asian Affairs on Apr. 10.

[2] Neither enclosure is printed.

[3] Elections for the House of Representatives were to be held on Apr. 19.

No. 642

Eisenhower Library, Eisenhower papers, Whitman file

Memorandum of Discussion at the 139th Meeting of the National Security Council, Washington, April 8, 1953 [1]

[Extracts]

TOP SECRET EYES ONLY

Present at the 139th meeting of the Council were the President of the United States, presiding; the Vice President of the United States; the Secretary of State; the Secretary of Defense; and the Director for Mutual Security. Also present were the Secretary of the Treasury; the Attorney General (for Item 1); the Secretary of the Interior (for Item 1); the Director, Bureau of the Budget; the Acting Director of Defense Mobilization; the Chairman, Joint Chiefs of Staff; the Director of Central Intelligence; the Special Assistant to the President for National Security Affairs; the Special Assistant to the President for Cold War Planning; the Military Liaison Officer; the Executive Secretary, NSC; and the Deputy Executive Secretary, NSC.

There follows a general account of the main positions taken and the chief points made at this meeting.

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6. United States Objectives and Courses of Action With Respect to Japan (NSC 125/4; [2] NSC 125/3 [3] and Annex to NSC 125/3; [4] NSC 125/2; [5] Annex to NSC 125/1; [6] NIE–52 [7])

After Mr. Cutler had briefly summarized the main points in the several reports [8] respecting U.S. policy in the Far East, Secretary Humphrey said that he had a query with respect to the proposed

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[1] Drafted by Gleason on Apr. 16.

[2] Dated Mar. 30, not printed. (S/S–NSC files, lot 63 D 351, NSC 125 Series) For additional comment on its substance, see Robertson's memorandum to the Secretary, Document 652.

[3] Dated Feb. 19, not printed. (S/S–NSC files, lot 63 D 351, NSC 125 Series)

[4] Dated Feb. 19, not printed. (S/S–NSC files, lot 63 D 351, NSC 125 Series) But see Document 646.

[5] Document 588.

[6] Dated July 23, 1952, not printed. (S/S–NSC files, lot 63 D 351, NSC 125 Series) But see footnote 6, Document 586.

[7] Document 567.

[8] Several other NSC papers were discussed conjointly with NSC 125/4. For other extracts from this section of the memorandum of discussion, see Document 93; vol. XV, Part 1, p. 892; and vol. XII, Part 1, p. 298.

policy on Japan. [9] Was it even thinkable, inquired Secretary Humphrey, that Japan can have a viable economy if, for the indefinite future and with a growing population, it was confined to the home islands? In making this suggestion in the policy statement on Japan, were we not simply kidding ourselves?

In reply to Secretary Humphrey, Mr. Stassen thought that it might be possible to achieve the objective in question if certain trade arrangements and developments in the Far East could be created. But Mr. Stassen admitted that at best it would be very difficult.

The President expressed the belief that there was no future for Japan unless access were provided for it to the markets and raw materials of Manchuria and North China.

Secretary Humphrey returned to the charge that on this point the policy statement did not seem practical, and that the Council should take a new look at the problem.

Both the President and Mr. Cutler noted the very great difficulty of trying to provide for a viable Japanese economy in a few years. It would take a considerable time to secure for Japan what it required to support its population and to stabilize its economy.

Secretary Dulles expressed the opinion that the policy for Japan stated in NSC 125/4 might last for perhaps five years, but after that no policy which separated Japan from the Asiatic mainland would be practical.

The President and Secretary Humphrey agreed with this statement, and the President went further in saying that it was his own belief that even over the short haul a certain amount of Japanese trade with Communist China should be permitted in place of the complete embargo and blockade which now existed.

Secretary Humphrey added that the United States ought now to be "aggressive" in order to see to it that Japan and Germany secured a position in the world in which they would be able to thrive and have scope for their virile populations. In some respects, it seemed to him, we had licked the two wrong nations in the last war.

The President said, "You don't mean that; you mean we licked these two nations too thoroughly."

Secretary Dulles expressed the view that it was not practicable to envisage any revival of Japanese sovereignty and physical control over Manchuria, but we could do a lot to assist Japan by encouraging Japanese trade with the Philippines and Malaya. Secre-

[9] The proposals in NSC 125/4 were additional suggestions for the implementation of the "objectives" stated in NSC 125/2. Hence the economic "objective" for Japan remained that stated in paragraph 6.c of NSC 125/2.

tary Dulles reviewed the history of the Japanese economy since 1930, and concluded that the lesson to be learned from this history was the possibility of a revival of Japanese trade with the various free nations of Asia as at least a temporary substitute for Japanese control of portions of the Chinese mainland. Certainly something must be done to assist the Japanese to overcome the sense of insecurity which they could not escape owing to the fact that their markets and their sources of raw materials were so far distant from the home islands. In the long run, moreover, the Japanese would have to have access again to mainland areas like Manchuria.

Mr. Cutler inquired whether the Council wished to go further than this and adopt a policy which would look to the restoration of Japan's lost colonial empire. Such an idea, he admitted, was not to be found in the present paper.

The President stated that we do not want to contemplate such a step, but we did wish to open up new trade possibilities for Japan.

Secretary Humphrey concluded the discussion of Japan by saying that we would have to face the fact and realize that we could not hope to keep Japan as a loyal ally of the West if it became dependent economically on Communist China. Such dependence would provide the Chinese Communists with a terrible club to hold over Japan.

. . . . . .

Action on Item 6:

The National Security Council: [10]

a. Discussed the reference report on the subject (NSC 125/4) and agreed that it should be revised to take account of the question of the long-term viability of the economy of a Japan deprived of the raw materials and markets of the Chinese mainland.

b. Deferred further action on this report pending further study.

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S. EVERETT GLEASON

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[10] The following paragraphs constitute NSC Action No. 761. (S/S–NSC (Miscellaneous) files, lot 65 D 95, "Record of Actions by the National Security Council, 1953")

No. 643

794.00/4-1053

Memorandum by the Director of the Office of Northeast Asian Affairs (Young) to the Assistant Secretary of State for Far Eastern Affairs (Robertson) [1]

SECRET [WASHINGTON,] April 10, 1953.

Subject: Japanese request for U.S. policy statement to strengthen election position of present Japanese Government. [2]

By way of a progress report on developments in this matter as of noon today:

1. We immediately telegraphed [3] the Japanese request to the Embassy in Tokyo. The Embassy forwarded the Department's telegram to Ambassador Murphy who is in Formosa. The Embassy's reply is attached. [4] It opposes any overt effort by the United States to influence the outcome of the elections.

2. We have discussed this matter carefully in the Office of Northeast Asian Affairs from the political and economic point of view. We believe that consideration should be given to making a policy declaration regarding Japan's economic viability and Japan's fears of a sudden drop in military procurement in the event of an armistice in Korea. My office is now urgently preparing a draft statement for your consideration and clearance with the Defense Department. I am also attaching a letter I have just received from Ambassador Murphy reporting his conversation with Prime Minister Yoshida on April 2, and enclosing the same document which

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[1] Walter S. Robertson entered on duty on Apr. 8. Allison succeeded Murphy as Ambassador to Japan and presented his credentials on May 28. Murphy, who relinquished charge of the Mission on Apr. 28, became Assistant Secretary of State for United Nations Affairs on July 28; on Nov. 30, he entered on duty as Deputy Under Secretary of State for Political Affairs.

[2] On Apr. 9 Ambassador Araki called on Robertson and presented to him a copy of the *aide-mémoire* handed to Murphy on Apr. 5; see Document 641.

[3] Telegram 2395, Apr. 9; a portion reads as follows:

"Araki in making presentation expressed understanding difficulties Japan's request would create for US Government. He suggested as alternatives (a) return civil administrative jurisdiction over Okinawa and Amami group or Amami group alone or return educational administration Okinawa or (b) statement of US policy maintain Japan's economy viable in any eventuality especially adopting adequate counter measures against sudden drop military procurement in event armistice." (Attached to the source text)

[4] In telegram 3267 from Tokyo, Apr. 10, signed by Chargé William T. Turner, the Embassy opposed intervention in the election on these grounds: there was not sufficient time to take effective action, any successor government would likely be pro-United States (whether or not headed by Yoshida), any intervention might be a liability rather than an asset. Regarding a loan, the Embassy considered "it would be ill-advised at this time to dissipate bargaining power for any such dubious purposes." (Attached to the source text)

Ambassador Araki handed you yesterday. Ambassador Murphy does not see what the Department can do about any of the Japanese Government's requests. Of course he was not aware of Araki's own suggestion regarding a statement on U.S. procurement in Japan. Perhaps the Ambassador will react differently than the Embassy to the Department's telegram of last night.

3. In the meantime, two Japanese officials have raised this matter with me and urged a statement regarding U.S. willingness to help the Japanese in their economic problem. Minister Watanabe, who is in charge of financial matters in the Japanese Embassy, and Mr. Kono, who is Director of the Bureau of the Budget in the Japanese Ministry of Finance, this morning both quite convincingly supported the Ambassador's request to you yesterday afternoon.

4. I am also attaching the originals that Mr. Araki left with you yesterday.

No. 644

694.95/4–1053: Telegram

The Acting Secretary of State to the Embassy in Japan [1]

SECRET WASHINGTON, April 11, 1953.

2411. Embtel 3267. [2] Concur Embassy views but consider may be desirable make statement on level US expenditures not necessarily for purpose affecting election but in order give general reassurance business community and minimize pressures trade with Communist bloc. Request Embassy comments promptly on desirability question and answer along following lines for Secretary's press conference.

Question: I understand Japanese particularly industrial circles are concerned about what may happen Japanese economy event armistice. Do you have any comment? Answer: That assumption about armistice is big one to make at this point but I think I can say something about Japanese economy. Stability Japanese economy is of course of great concern United States and we giving great deal thought its future. We know in recent years Japan's balance-of-payments position has been largely supported by United States expenditures arising from hostilities Korea, maintenance United States forces Japan and various United States mutual assistance programs Far East. Whatever may or may not happen regarding

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[1] Drafted in NA on Apr. 10 and approved for transmission by Johnson.

[2] Dated Apr. 10; see footnote 4, *supra*.

Korean armistice negotiations I believe total United States expenditures Japan will not be sharply reduced but will remain at relatively high level for at least next two years.

However if serious situation develops in Japanese economy I can assure you we would want sit down together with Japanese to try consider ways in which we could help. [3]

SMITH

[3] In telegram 3282 from Tokyo, Apr. 14, Murphy stated: "On balance I consider proposed question and answer for Secretary's press conference desirable." He added that it would not have a fundamental effect on the election but would provide material for Liberal and Progressive Party speakers. "Quite apart from immediate purpose of campaign I consider statement timely and beneficial." (794.00/4–1453)

The statement was eventually made in somewhat different form by McDermott at a press briefing held on Apr. 15. The question-and-answer format was dropped, as was specific reference to the possibility of a Korean armistice. However, the Department retained the substance of the undertakings in the last two sentences of the draft. For text, see Department of State *Bulletin*, Apr. 27, 1953, p. 611.

Acting Secretary Smith requested the changes in the statement. (Handwritten note by Young in the margin of a memorandum from Assistant Secretary Robertson to the Acting Secretary, Apr. 14, 894.00/4–1453)

No. 645

Editorial Note

On April 14, the Export-Import Bank announced that it had authorized a short-term credit of $40 million to assist in financing Japan's imports of United States cotton from the 1952 crop. An annex to the minutes of the 198th Meeting of the National Advisory Council on International Financial and Monetary Problems, held May 18, indicates that this credit had been approved by a telephone poll of the Council prior to the announcement. (NAC files, lot 60 D 137)

For a description of the credit, see Department of State *Bulletin*, May 11, 1953, page 681.

No. 646

Editorial Note

On April 28, the NSC Planning Board submitted to the Council NSC 125/5, "United States Objectives and Courses of Action With Respect to Japan". (S/S–NSC files, lot 63 D 351, NSC 125 Series) Attached to NSC 125/5 is a Progress Report on NSC 125/2 (Document 588). The paper and the Progress Report were submitted in response to NSC Action No. 761–a, taken at the Council meeting

held on April 8. (For extracts from the memorandum of discussion at this meeting, including text of NSC Action No. 761, see Document 642; volume XV, Part 1, page 892; and volume XII, Part 1, page 298.)

NSC 125/5 differs in only two passages from NSC 125/6, Document 657. The differences are shown in footnotes 7 and 9 to NSC 125/6. Unlike NSC 125/5, NSC 125/6 has no financial appendix. For a revision of the financial appendix to NSC 125/5, see the enclosure to Document 654.

The Progress Report submitted with NSC 125/5 was a modification of the Progress Report originally submitted to the Council on February 19 as part of NSC 125/3. (S/S–NSC files, lot 63 D 351, NSC 125 Series) The revised portion is paragraph 7c., of which particular note is taken in paragraph 2 of NSC 125/6. The entire economic section of the revised Progress Report reads:

"5. United States economic policy toward Japan is concerned with Japan's basic long-run economic problem—how, without undesirable trade with Communist areas, Japan can increase its trade sufficiently to become self-supporting and to maintain adequate living standards and defense forces. Progress toward economic viability is essential to political stability.

"6. Progress

"a. Industrial production has reached an index of 140 (1934–36 equals 100) and average living standards are now only slightly below pre-war.

"b. The achievement of self-support by Japan requires the expansion of food and raw material production in the free world, particularly in Japan's natural trading area of South and Southeast Asia. United States and United Nations economic and technical assistance programs are assisting in this development and Japan is anxious and able to participate by providing machinery (on a commercial basis), technical knowhow and, to a limited extent, investment funds.

"c. In the field of the modernization and technological advancement of Japan's industries, United States corporations have concluded numerous technical assistance arrangements with Japanese firms and have provided some dollar financing. Japan's recently liberalized Foreign Investment Law will serve to attract additional foreign investments to Japan. A United States Government productivity assistance program is under consideration in connection with the Mutual Security Program for 1954, and off-shore procurement of military and economic aid supplies is serving as a stimulus to industrial development.

"d. The United States is strongly supporting Japan's accession to GATT and is negotiating a Treaty of Friendship, Commerce and Navigation [1] and a Treaty for the Avoidance of Double Taxation

[1] See Document 640.

with Japan. [2] The United States, Canada and Japan have concluded a Fisheries Convention for the North Pacific.

"e. Japan was recently admitted to the Coordinating Committee for Export Controls and is cooperating fully in maintaining security controls over exports to the Soviet bloc.

"f. Within the United States Government steps have been taken to assure adequate attention to economic and financial problems affecting United States-Japanese relations. A summary of the National Security Council economic policies with respect to Japan has been circulated to all interested agencies, with a request for assistance in implementation; and a preliminary analysis of Japan's long-range potentials for trade and industry has been completed recently and will help give guidance to United States efforts to assist.

"7. Adverse factors

"a. Foreign trade remains far below pre-war levels. Imports, in real terms, are only about one-half and exports about one-third of the 1938 volume, Japan's commercial trade deficit totaled approximately $750 million in 1952; its deficit with the dollar area was even larger. For at least the next two years earnings related to United States military activities in Japan and Korea will probably be sufficient to offset Japan's trade deficit and to obviate the need for economic assistance.

"b. The Japanese trade deficit with the dollar area results partly from its dependence for such vital raw materials as wheat, cotton, iron ore and coking coal upon dollar area sources. Its trade imbalance comes largely from being cut off from its pre-war markets in China and from the greatly reduced volume of Japan's trade with Formosa and Korea. These factors point up the necessity for developing new and expanding old trade patterns with South and Southeast Asia.

"c. In the long term, Japanese economic viability is of critical importance to the security of the United States. This viability will be extremely difficult to achieve. Unrestricted trade with Communist China would not of itself solve Japan's economic problem. Although Japan may achieve substantial gains in foreign trade, those gains will not, for the foreseeable future, be so great as to remove the necessity for substantial direct or indirect assistance, part of which could come from expenditures in Japan for U.S. forces.

"(1) Japan must import about twenty percent of its minimum food requirements. Although for several years it may be possible to expand food production sufficiently to offset the population increase, in the long run it is probable that the rate of population growth will exceed the rate of increase in domestic food production, thus making Japan increasingly dependent on food imports. In addition to food, Japan must import most of its industrial raw materials. Japan must trade if it is to live. The two most likely areas for Japanese trade expansion are South and Southeast Asia and the mainland of China, al-

[2] For text of the Convention for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion With Respect to Taxes on Income, with exchange of notes, signed at Washington on Apr. 16, 1954, see 6 UST 149.

though the United States, South America and other free world markets are likewise important.

"(2) Trade with South and Southeast Asia will be limited for a time by such factors as political instability, the difficulty of speeding economic development, balance-of-payments problem sensitivity to outside "interference", and antipathy for and fear of the Japanese. In addition, the need of the United Kingdom and Germany for expanding export trade may result in increasing competition for the export markets of Asia.

"(3) Before World War II about 18 percent of Japanese exports went to the China mainland (including Manchuria) and about 25 percent of its imports came from there. Even if Japanese strategic trade controls were relaxed, the extent to which this volume of trade could be restored is problematical, partly because prewar trade rested to some extent upon Japanese political and economic control, and partly because the Communist Chinese may not themselves be willing to allow extensive trade with Japan unless strategic goods can be included. Nevertheless, if all restrictions on trade with Communist China were removed it could probably be developed to a volume of $200–300 million each way in two to three years.

"(4) Such an expansion of Japanese trade with Communist China would threaten attainment of United States strategic and political objectives by providing the sinews of war to Communist China and would also increase Japanese vulnerability to Communist pressures by creating a dependence upon Communist China either as a market or as a source of raw materials.

"(5) China is important to Japan not only as a supplier of raw materials but as an outlet for Japanese manufactured goods. Although China could become an important supplier of iron ore, coking coal, soybeans, salt and other items of lesser importance, it is not an important potential source of Japan's major imports (in terms of value) such as rice, wheat, cotton and petroleum. Japan must continue indefinitely to import large quantities of these materials from the dollar area; therefore Japan's economic dependence upon the free world will remain.

"(6) Strong pressures already exist within Japan for freer trade with the Chinese mainland, and as a result of the present obstacles to Japanese accession to GATT, its fear of a drastic decline in United States special procurement following a Korean armistice, and its failure to regain more than 30 percent of its prewar export volume, the pressures for relaxing restrictions on trade with Communist China are expected to increase. These pressures have been intensified by the recent change in Communist tactics and could be increased further by anticipated Communist trade overtures to Japan.

"(7) In order to give some chance of viability to an economy deprived of the raw materials and markets of the Chinese mainland, Japanese efforts in their own behalf must include rigorous measures to divert Japanese resources to the most essential purposes, increasing food production within Japan, im-

proved efficiency of production in Japanese industry, and possibly some moderate decline in living standards. These efforts would be aided by:

"(a) An expanding economy in South and Southeast Asia, so that necessary food and raw materials can be procured there instead of from the dollar area, and so that Japan, as well as other industrialized countries, can find an increasing market there for its manufactured products:

"(b) Increasing access to markets in the United States and the rest of the dollar area, including necessary and appropriate action by the United States on tariffs and Buy American legislation;

"(c) Japanese accession to GATT as soon as possible, and a general lowering in the free world of trade barriers against Japanese products; and

"(d) A general and sustained increase in world trade, accompanied by convertibility of major currencies.

"(8) There is no assurance that the foregoing measures will produce economic viability for Japan in the face of the 70% increase in the Japanese labor force which will come about in the next 25 years. Since economic deterioration and falling living standards in Japan and the lack of a foreseeable solution will create fertile ground for Communist subversion, the United States may be faced with the necessity of providing direct or indirect economic aid to Japan. One important element of indirect economic aid which should be set in motion as soon as possible is a long-term program of offshore procurement in Japan of military supplies for Japanese forces and for other free world forces. This program, which will probably require Congressional authorization, should be so planned as to build an adequate industrial base in Japan for the contemplated Japanese defense forces.

"d. The most difficult immediate problem is to reach an understanding with the Japanese Government with respect to rearmament. This problem is essentially political but also involves important economic considerations, the chief of which is the level of budgetary support for rearmament which the economy can afford. The Cabinet has approved and sent to the Diet a request for an appropriation of 145 billion yen (the equivalent of $400 million) for defense for the fiscal year beginning April 1, 1953. This includes the yen equivalent of $180 million for maintenance of United States forces stationed in Japan, which is the same amount that the Japanese provided in the previous year. In addition, a carryover of approximately 65 billion yen ($180 million) will be available for defense in the coming year. Although these funds will be adequate for the maintenance of present Japanese forces, they are not considered sufficient to provide all the equipment, facilities, and training areas which will be required."

The remainder of the Progress Report is primarily a summary of trends and developments.

No. 647

894.10/4-2853

Memorandum by the Director of the Office of Northeast Asian Affairs (Young) to the Assistant Secretary of State for Far Eastern Affairs (Robertson)

CONFIDENTIAL [WASHINGTON,] April 28, 1953.

Subject: Policy on Loans to Japan

Two questions on loan policy toward Japan require decision in the near future:

(1) Shall the applications for $39 million of loans for General Electric and Westinghouse high pressure thermal power equipment now before the Eximbank be approved?
(2) What answer should be given to questions posed to the Department of State by the International Bank?

(1) The applications to the Eximbank are ready for action by the Board and the National Advisory Council, but are held up by one consideration, possible conflict with the International Bank's sphere of activity. The loans are to finance sales of high pressure thermal equipment by Westinghouse and General Electric. Westinghouse took the matter up with Mr. Linder at an early phase, and he obtained an expression from the International Bank that there would be no objection to such financing by Eximbank. Since then, however, three things have happened. The amounts are larger than was originally understood, the term of the loans is to be 15 years rather than a shorter period, and the credits are to be extended to a Japanese Government institution rather than to private companies. If the applications were to be presented now, they would be considered more appropriate for the IBRD than the Eximbank. Mr. Linder took the position at the meeting of the Eximbank April 24 that the applications should be transferred to the IBRD if the IBRD desires and is prepared to proceed promptly, i.e., in three or four weeks not three or four months. General Edgerton, new Chairman of the Eximbank, [1] said he proposed to ask Mr. Black or Mr. Garner what the IBRD thought. Any protracted delay would be a serious disappointment to the Japanese. The Japanese Embassy has asked the good offices of the Department of State to avoid such a situation. It does not appear possible for the applications to be transferred to the IBRD and for quick action to be taken.

This is of course a part of the larger problem of Eximbank–IBRD relations which has been a sore point for some years. It has been

[1] Maj. Gen. Glen E. Edgerton (ret.).

United States policy to regard the IBRD as the bank of first recourse for development loans, but there has been little attempt to reach a general understanding between the two institutions. The Secretary of the Treasury is opposed to Eximbank loans where other sources of financing are available because Eximbank loans affect the public debt.

(2) An IBRD mission went to Japan in the fall of 1952 and was joined in December by Vice President Garner. After considerable discussion with the Bank mission the Japanese submitted an informal application for loans in the amount of $320 million, mostly for power development. Mr. Garner's public expressions were discouraging, but he has indicated to the Department of State that the Bank would be disposed to make loans to Japan in some magnitude if the United States Government can give satisfactory answers to a number of questions, which boil down to an expression of the long-term support by the United States for the Japanese economy and of a United States foreign policy interest in the making of such loans on the part of the Bank. Mr. Garner's questions (attached) were submitted to Mr. Linder and Mr. Allison in February and March of this year but have not been answered. Recently the Japanese Government submitted a revised informal application in the amount of $120 million, still for power development.

It does not appear feasible to give Mr. Garner an authoritative written reply to his questions because security considerations are involved and because such an answer would imply commitments which the United States Government is not in position to make. If a formal position were to be taken it would be appropriate to submit it to the National Advisory Council, but it is believed that any such attempt would result in such a whittling down of the position as to make it meaningless. The Bank's staff has already had access to all the relevant information in the possession of the United States agencies.

We have discussed these problems extensively with the Office of Financial and Development Policy in the Department of State and with staff officers in Treasury, and the following recommendations take views expressed by them into account. It does not appear profitable, however, to pursue the matter further at staff levels. The normal relationship of the Department to the Eximbank is through the Assistant Secretary for Economic Affairs who represents the Secretary at meetings of the Eximbank Board. The normal contacts with the International Bank are through the Assistant Secretary for Economic Affairs, the Treasury Department and the United States Executive Director of the Bank.

Recommendations

It is recommended

(1) that you discuss the action to be taken by the Eximbank on the Westinghouse and General Electric applications with one or more of the following—Mr. Linder, Mr. Overby [2] and General Edgerton—with a view to assuring action in the near future by the Eximbank, without prejudicing future lending by the IBRD;

(2) that you seek an understanding with Mr. Linder and Mr. Overby with respect to the United States position on loans to Japan by the IBRD, pursuant to such understanding meet with Mr. Garner, and reply orally to his questions along the lines of the attachment to this memorandum for the confidential information of himself and other high officers of the Bank of United States nationality.

The attachment is being reviewed by OFD, who are in general accord but may have some minor amendments. Amended version will be submitted shortly. [3] In the meantime, believe desirable you speak to Linder before the Eximbank meeting on Wednesday April 29.

[Attachment]

(1) *Question:* What are the prospects of United States continuing special flow of dollars sufficient to cover service on loans in addition to current Japanese requirements even as and when Japan takes over her own defense and the present dollar income from the presence of United States troops in Japan gradually disappears?

Answer: It is recognized at high levels of the United States Government that the United States will have to continue economic assistance to Japan in some form at least as long as security considerations prevent any high volume of trade with the mainland of Asia. As long as the United States maintains large forces in the area, Japan's earnings from this source will probably enable it to meet its foreign exchange needs and commitments. It is impossible now to determine the precise arrangements which will obtain when these special dollar earnings diminish to a point endangering Japan's dollar position. That is probably four to five years away. Present thinking in the United States Government is that necessary assistance will continue to be rendered to the extent that the military requirements permit though [*through*] offshore procurement of military end-items. A beginning of such offshore procurement has already been made, more is contemplated under the

[2] Andrew N. Overby, Assistant Secretary of the Treasury.
[3] Amended version not found in Department of State files.

United States Fiscal Year 1954 aid programs, and it is United States policy to try to program such procurement for several years ahead.

(2) *Question:* What burdens are the GARIOA debt settlement and possible reparation settlement likely to impose on the Japanese balance of payments?

Answer: The United States will probably ask Japan to repay the GARIOA claim at the rate of about $32 million a year for 35 years. A decision by the National Advisory Council is anticipated soon. Mr. Dulles is firmly opposed to seeking repayment in larger amounts.

It is not anticipated that reparations settlements will impose any significant burden on the Japanese balance of payments.

(3) *Question:* Does United States consider it desirable for the Bank to lend to Japan? If so, what are the reasons in favor of such lending and what amount would be necessary to have a significant effect on the Japanese economic situation, including Japanese financial and economic policies?

Answer: The United States Government would like to see loans to Japan by the International Bank. It recognizes that Japan's investment requirements must be met for the most part from internal sources, and that at present Japan does not lack dollars with which to finance imports which are economically justified. The Japanese are understandably hesitant about committing their foreign currency reserves for long-range development purposes, however. Japan's history indicates that it would make every effort to meet its obligations, and the servicing of even as much as $500 million of loans would not be a crucial factor in its international payments. Japan's total investment requirements (yen and foreign currency) over the next five years are estimated to be of the order of $20 billion. Loans could be linked to the import requirements (direct and indirect) of power development and other necessary investment projects.

The reasons for loans are primarily, however, of a psychological and political nature. Both the Japanese economy and political atmosphere are highly sensitive, and IBRD loans would have implications in Japan with respect to the friendship and cooperation of its former enemies out of all proportion to the economic importance. Conversely, refusal to loan would be taken as a rejection of Japan and an indication of lack of confidence in Japan's future. It would strengthen those elements in Japan which believe that Japan must seek a middle course or even cooperation with the Soviet bloc.

From the standpoint just discussed, loans of modest amounts would help, particularly if no ceiling was announced. IBRD loans could also be helpful in influencing internal Japanese financial

policies, in particular the directing of Japanese resources into the most essential investment. From this standpoint, the larger the loans the better. To have maximum effect, there should be an initial statement of willingness, on proper terms, to lend up to $300 million. If such a statement is unreasonable, and we are inclined to think it may be, it is believed that loans of the order of the current Japanese request—i.e., $120 million—would be useful. Either a large general commitment or a series of project loans over a period would provide a basis for a voice in Japanese policies. They would not furnish leverage to insist upon policies opposed by the Japanese Government or important elements in the community, but they could help the Government to put across measures which it desired. It is believed that specific conditions, as opposed to advice, should relate directly to the development and execution of an investment program. Advice and conditions would be received with better grace from the Bank than from the United States Government. The very preparation of loanable projects, together with Bank advice, could stimulate necessary planning on the part of the Japanese Government.

(4) *Question:* Is there sufficient agreement between Bank and United States on the financial and economic policies and measures essential for Japan's progress to provide for consistent advice, inducements and conditions in relation to financial assistance from both parties?

Answer: The United States Government is in complete agreement with the views expressed by Mr. Garner on a number of occasions with respect to the economic policies and measures which are necessary on Japan's part, anticipates no conflict in the future, and is prepared to consult frequently with the Bank, if it should determine to proceed with major loans, on the advice and conditions which may be given by the United States and the Bank respectively.

(5) *Question:* If Bank is to do lending, will United States consider it appropriate that any funds supplied by it would be on a non-loan basis?

Answer: The United States regards the International Bank as the bank of first recourse for long-term development loans. It believes it would be desirable for the Export Import Bank to proceed with the thermal power plant loans presently under consideration, but would consider that in the future the International Bank would be the logical lender for loans of comparable amounts and terms. The United States would not expect to use loans to effect balance of payments assistance which may become necessary, but would prefer to rely on offshore procurement or even direct grant aid.

This would depend, however, on circumstances and Congressional policies not now clearly foreseeable.

(6) *Question:* How can the Bank and the United States most effectively assist (a) in promoting trade between Japan and other countries, particularly in the Pacific area, and (b) in exploring the possibilities of financing from various sources the development of supplies of foodstuffs and raw materials so as to free Japan from excessive dependence on the dollar area?

Answer: Japan's progress toward self support depends in large measure on the economic development of other countries, particularly in South and Southeast Asia. The Department of State believes that the International Bank can play an important role in such development, through both its funds and its advice, and that there should be close cooperation to this end between the Bank and United States agencies. The Administration has as yet had little opportunity to examine the possibilities, but Mr. Stassen is expected to attack the problem aggressively in relation to United States aid programs, and the Department of State will give high priority to the integration of United States and United Nations policies and programs furthering the development of the Pacific area.

No. 648

894.10/5-1453

Memorandum of Conversation, by the Director of the Office of Northeast Asian Affairs (Young)

SECRET [WASHINGTON,] May 14, 1953.

Subject: Loans to Japan

Participants: Mr. Eugene Black, President, International Bank for Reconstruction and Development
Mr. Harold F. Linder, Assistant Secretary for Economic Affairs
Mr. Walter S. Robertson, Assistant Secretary for Far Eastern Affairs
Mr. Andrew N. Overby, Assistant Secretary, Department of Treasury
Mr. John C. Corbett, Director, Office Financial and Development Policy
Mr. Kenneth T. Young, Director, Office of Northeast Asian Affairs

Mr. Black began by stating that if the Japanese are to get a power loan from the Export-Import Bank, the IBRD would have to

step out of the picture completely. In his opinion there is absolutely no reason for two banks to make long-term development loans to Japan. He stated that there was essentially nothing new in his opinion since he had expressed it recently to Ambassador Araki and to Minister Watanabe last fall. Mr. Black could not understand the Japanese attitude toward both these banks and was anxious that they not take it for granted that they could talk independently to both lending institutions and thus play one against the other. Ambassador Araki had come in to see him recently to state that the Government of Japan considered the IBRD application first priority and that the application to the Export-Import Bank was an initiative of private American companies.[1] Mr. Black stated the Japanese could not have it both ways. He said that he had carefully expressed to Watanabe last fall before the IBRD mission went to Japan that Japan should select one bank or the other and that if it selected the Export-Import Bank as its lending institution, the IBRD would not be able to consider loans to Japan.

Mr. Linder and Mr. Robertson both emphasized complete agreement within the Department of State with Mr. Black's general position that there could only be one Bank. They both stated that the State Department completely agreed that in general and under normal circumstances the lending institution should be the IBRD. Nevertheless, they pointed out that there are special circumstances which justified an exception to the general principle. Mr. Linder pointed out that a good deal of work had been done on the application for thermal power projects before the Export-Import Bank and that it would be useful to get ahead for complete consideration. He fully sympathized with the World Bank's position and had made this clear in the meetings of the Export-Import Bank Board. He felt that the time element alone in speedy processing of the applications warranted reconsideration by Mr. Black of his general position.

Mr. Robertson and Mr. Young emphasized that it was important for political as well as economic reasons to move ahead quickly on power projects. Mr. Robertson said that the Japanese are terribly anxious for affirmative action and were frequently calling at the State Department on this matter. He pointed out the sensitive nature of the political situation in Japan and the desirability of the

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[1] Corbett prepared another memorandum of this conversation. A portion reads as follows: "Mr. Black also quoted Japanese Embassy officials as saying that these [Export-Import Bank loans] had relatively low priority as compared to the $102 million of loan requests submitted by the Japanese Government; the officials referred to the loans as the 'Westinghouse loans' even though an agency of the Japanese Government is to be the obligor. There was a strong suggestion that the loans were a commercial promotion." (Memorandum drafted May 19, 894.10/5–1453)

United States as a matter of policy not to intensify that difficulty. He pointed out that a number of critical issues are affecting American-Japanese relations and that one more is to be avoided if it is possible. Mr. Young told Mr. Black that the Japanese are under the impression that the World Bank had understood and not objected to the American companies going ahead in the Export-Import Bank on their power projects. Mr. Black repeated that the Japanese were incorrect and that the Bank had always been concerned over the possibility that the Japanese might try to develop two lending agencies.

Mr. Black then pointed out that under certain circumstances it might be possible for the World Bank to consider loans to Japan favorably. He could not assure the reaction of his Board on this matter but he said he would be willing to undertake it. In reply to Mr. Linder's question, Mr. Black said that he would do this immediately and that he was sure he could have an answer well within a month's time.

Mr. Linder, Mr. Robertson, and Mr. Overby agreed that the more desirable next step would be for Mr. Black to consider this question and give his answer as soon as possible. Mr. Overby agreed to call General Edgerton today to inform him of this decision and suggest that he call Mr. Black to direct respective next steps which each bank should take in this regard. Mr. Black said that he did not know whether the Bank had sufficient data on the Japanese application or what stage the Japanese application to the Export-Import Bank had reached. He indicated that he might have to lean heavily on the Export-Import Bank's preparation.

Following Mr. Robertson's departure for another meeting, Mr. Linder orally summarized the attached list of answers to the Bank's six questions. [2] Regarding question No. 3, Mr. Linder pointed out that State and Treasury both felt that the Bank's investigation on Japanese financial policy would be more helpful although it might not be decisive.

KENNETH T. YOUNG, JR.

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[2] Not found attached; but see the attachment *supra*.

No. 649

NA files, lot 58 D 184: Telegram

The Commander in Chief, Far East (Clark) to the Department of the Army

TOP SECRET TOKYO, May 20, 1953—5:24 p.m.

C 62522. Urmsg DA 939310. [1] This msg in five parts.

Part I. Fully concur in DA psn in ref.

Part II. Maintenance of *status quo* in Ryukyu Isls as recommended by JCS on 15 Aug 52 and concurred in by Sec Def 29 Aug 52 [2] is as vitally important today to US security interests in the Far East as it was last Aug. I again strongly urge that such recommendations be adopted as the US Govt psn in this matter and that this psn be publicly announced in official statement re political status of the Islands which I understand is now in preparation. In my judgment it would be highly imprudent at this time for the US to concur in resumption of sovereignty, or the exercise thereof, by Japan in any part of this area. Such course of action would to large degree make the effective maintenance and opn of important US military bases and facilities in Ryukyu Islands dependent upon friendly and cooperative Japan, which cannot now be assuredly forecast for the indefinite pd of time when US security interests will remain of overriding importance. Any pos political and psychological advantages which might be developed in US–Japan relations from reversion of sovereignty to the latter would not with any certainty outlast the life of the govt in power at time the concessions were made. This consideration, therefore, appears to be tenuous ground upon which to base compromise of clear US security interests.

Part III. It is inconceivable that return of Okinawa, the very heart of our military bases in the islands, will be seriously considered. Regarding reversion to Japan of Amami Island group only, the fol comments are offered:

a. The Amami Island group consists of 5 major isls, namely, Amami Oshima including closely adjacent Kaerom-Jima, Tokuno-Shima, Okino-Erabu Shima, Kikaiga-Shima and Yoron-Jima. The main isl of Amami totals 323 square miles and contains half the population of the group which totals aproximately 220,000 persons. The remainder of the isls encompass some 167 square miles.

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[1] In this telegram, dated May 20, the Department of the Army outlined the Department of Defense position in opposition to the reversion of the Amamis to Japan, and requested the views of CINCFE, if possible in time for the NSC Planning Board meeting to be held that same day. (Department of Defense files)

[2] See Foster's letter to Acheson, Document 595.

b. The Amami Isls have longer historical ties with Japan and their people are racially and culturally closer to Japan than those of the remaining isls. Contacts with Japan date back to 12 century AD when large scale immigration took place from Japan pursuant to defeat of Taira faction which settled on isls. Amami group actually conquered by Japan 1609, became part of Kogeshima prefecture, while remaining Ryukyus administered from Okinawa prefecture. Amamians feel superior to their countrymen in the Southern Isls.

c. Sentiment for reversion to Japan, therefore, is considerably stronger in the Amami area than elsewhere in Ryukyu Isls. Since ratification of peace treaty with Japan reversion movement intensified because of awakened hopes for return to Japan stimulated by theory of "residual sovereignty in Japan."

d. Economically the Amami Isls are and have always been in need of assistance. The natural resources are extremely meager. Fisheries products prosper only intermittently. Poverty-ridden peasants sustain themselves miserably with tiny patches of rice lands in valleys of the mountainous and rugged country while sweet potatoes are cultivated on terraces.

e. The Jap Govt is probably aware of fact that Amami group may become an economic liability but it may be assumed that Japan's eagerness to increased political prestige through even minor territorial expansion will override economic considerations.

f. The present military installations on these isls consist of 2 fixed radio stations utilized in theater opns for Okinawa traffic. The potential for more intensive use of Amami group for communications, electronics installations, and Loran facilities is considered to be significant factor to this command in event of emergency.

g. The strategic importance of these isls lies in their immediate proximity to our established facilities in Okinawa. As Okinawa is an airbase, early warning svc is needed for some 200 miles in each direction. Such svc could be jammed by stations established within its periphery. In an emergency the Amami group of isls would be utilized for expansion of US controlled facilities without requirement of establishing agreements with another nation—Japan.

h. In event Japan were to evidence an unfriendly attitude toward US in a sit where subject isls were under Japanese sovereignty it would present an addtl threat to our forces and installations on Okinawa, all the more critical in sit where we might have to consider transfer of security forces from Japan to Ryukyus.

i. Return to Japan would permit Jap Govt which might be unfriendly to stir up dissatisfaction in remainder of isls through subsidies to Amami group for abnormal improvement in social, educational and economic well being of local population, and thus artificially stimulate reversion movement in isls still under US administration.

j. Partial reversion would constitute crack in US psn in Ryukyu Isls which the political opposition in Japan would seek to widen. Such action would force justification on artificial grounds between strategic value of Amami group and Southern Isls. Instead of allaying friction in US–Japan relations re status of Ryukyu Isls, partial

reversion would more likely lead to further pressure and additional tension.

k. Locally, change of status in Amami group would be politically dangerous. The present composition of Ryukyuan legislature is 17 pro-American Democratic Party members, 11 Socialist Masses Party members, and 2 Ryukyu Peoples Party members. The latter 2 parties, recently acting in coalition, are leftist in character and Ryukyu Peoples Party Communist-Affiliated. One seat is at present vacant. Six of 17 Democratic Party Members are from Amami group while 2 leftist parties are represented in Amami by 1 member each. The political realignment and decrease in pro-American strength in assembly which would result from return of Amami group to Japan is obvious. In campaigns for new elections leftist parties would also try to exploit even partial reversion to Japan as their victory brought about by their anti-American propaganda and thus increase reversion pressure for remainder of isls.

l. Since present status of Ryukyu Isls is based on art 3 of peace treaty with Japan, US could not unilaterally change that status with respect to any part of isls group. Reversion of Amami Isls to Japan might well be opposed by certain signatories to peace treaty which have at various times in past stated apprehension re Japanese expansion to the south.

Part IV. Conclusions:

a. Change in status of any part of Ryukyu Isls would jeopardize our military capabilities in Far East for any future emergency.

b. If, however, US policy is determined in favor of returning Amami Isls to Japan, the fol collateral actions are considered essential:

1. Agreement in advance on part of other signatory powers to necessary revision of treaty of peace with Japan.

2. Firm high level policy announcement by US Govt that it will retain powers granted under art 3 of treaty in remainder of isls for as long as security interests of US and other free world powers require such retention.

3. Conclusion of separate base rights agreement with Japan, not tied up with present administrative agreement, stipulating clear US rights to establish and maintain such military installations in Amami Isls as are deemed necessary by US.

Part V. Recommendation:

It is urgently recommended that there be no change in political status of Ryukyu Isls and their administration by US. [3]

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[3] In a memorandum dated May 20, entitled "Disposition of Ryukyu and Bonin Islands", McClurkin in part stated:

"During a conference in Honolulu May 11–14 in which Ambassador Allison; Assistant Secretary of Defense, Frank Nash; Assistant Secretary of the Interior, Orme Lewis; and Admiral Radford participated, this question was discussed. As a result of the conference, agreement was reached to recommend to the Departments concerned the retention of the Bonin Islands in their present status. It was also agreed

Continued

No. 650

894.10/5-2853

Memorandum of Conversation, by the Assistant Secretary of State for Far Eastern Affairs (Robertson) [1]

CONFIDENTIAL [WASHINGTON,] May 28, 1953.

Subject: Japan's Application for Electric Power Loans.

Participants: Mr. Garner, Vice President, International Bank for Reconstruction and Development (IBRD)
Mr. Walter S. Robertson, Assistant Secretary for Far Eastern Affairs

Mr. Garner informed me today that the IBRD made the following decisions regarding Japan's electric power loans:

(1) The Bank will take over the loan for thermal power of approximately $40 million. The Bank can complete arrangements on this in about six weeks.

(2) However, if that is not soon enough Mr. Garner says temporary credit can be arranged through Mr. Maffrey, of the Irving Trust.

(3) The Bank continues to believe that there should be only one bank for Japan, and that it should be the IBRD. If it extends a loan to Japan, the Bank will expect to work out arrangements with the Japanese Government to help it develop conservative fiscal policies.

(4) Under present conditions, the loaning capacity of the Bank to Japan will be restricted to a ceiling of $100 million.

(5) Whether or not 40 percent of this $100 million should be devoted to thermal power projects is up to the Japanese Government to decide.

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to recommend that we should not allow the repatriation of the Bonin islanders during the present international tensions in the Far East. Ambassador Allison said that he had no hesitation about presenting this position to the Japanese. This change in position has not yet been approved by the Secretary, although steps are in process to present it to him along with the other recommendations of the conference at Honolulu.

"In a subsequent informal discussion among the same people, the question of the Ryukyus was taken up and in particular the possibility of the return of the Amami group. Admiral Radford informally indicated that he had no opposition to the return of the Amami group, although he did not want to be quoted since he does not have responsibility for those islands. It was agreed to seek a direct expression of General Clark's personal views on this subject. As of May 20, these views have not been received. The Pentagon has an earlier telegram from him indicating concurrence in the JCS position that all of the islands should be retained in the *status quo*, but Ambassador Murphy notified us in March that General Clark himself has no objection to the return of the Amami group." (794C.0221/5-2053)

A copy of the "Report of the Inter-U.S. Agency Pacific Security Conference", dated May 14 and submitted to the Secretaries of State, Defense, and the Interior by Allison, Nash, and Lewis, is in Tokyo Post files, 320.1 Pacific Security Conference.

[1] Drafted by Young although he is not listed among the participants.

(6) The IBRD will waive its usual requirements for competitive bids in view of the fact that Westinghouse Corporation and General Electric are the logical suppliers of the highly technical equipment involved.

(7) While the Bank is ready to consider these arrangements with Japan, it is up to the Japanese to decide on the priority of the projects and the loans themselves.

Mr. Garner asked me to inform Ambassador Araki of the above position of the Bank and the decision is now up to the Japanese Government. Mr. Garner also asked me to inform him when the Japanese Government indicated to the Department of State its reaction to the above proposals. At that time, Mr. Garner would like Ambassador Araki to see him about the terms, arrangements, etc., of the loan.

I emphasized to Mr. Garner our firm and continued interest in Japan and the Far East could be counted on and that the loans he was prepared to make to Japan on a sound financial basis would provide a real contribution to the interests of the United States Government in that area. [2]

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[2] In reporting the IBRD's preliminary decision to the Embassy in Tokyo, the Department stated in part: "[Japanese] Embassy officer expressed concern over role of Bank as sole lender and asked if US Government accepted this position. Was informed US considers IBRD bank of first recourse for development loans, this is case in point, and that other bridges will be crossed when we come to them." (Telegram 2806 to Tokyo, May 30, 894.2614/5–3053)

On June 1 Ambassador Araki stated to Robertson that the Japanese Government had agreed to transfer the power loan application to the IBRD. (Memorandum of conversation by Robertson, 894.10/6–153) The IBRD completed arrangements with the Japan Development Bank for a $40.2 million thermal power loan on Oct. 15.

No. 651

PPS files, lot 64 D 563, "Japan"

Memorandum by the Executive Secretary (Lay) to the National Security Council [1]

TOP SECRET WASHINGTON, June 15, 1953.

Subject: The Japanese Treaty Islands

References: NSC 125/2 and NSC 125/5

The enclosed report by the NSC Planning Board on the subject is submitted herewith for consideration by the National Security

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[1] Filed as an attachment to the memorandum by Robertson, *infra*. In addition to the members of the National Security Council, this memorandum was circulated to the Secretary of the Treasury, the Chairman of the Joint Chiefs of Staff, and the Director of Central Intelligence.

Council of the Recommendations contained in pages 10–11 thereof at its meeting on Thursday, June 18. Also enclosed for Council information as Annexes A and B [2] to the report are statements of the respective positions of the Departments of Defense and State on this subject.

JAMES S. LAY, JR.

[Enclosure]

[Here follows a table of contents.]

REPORT BY THE NSC PLANNING BOARD ON THE JAPANESE TREATY ISLANDS

[Here follows a section entitled "Background".]

ALTERNATIVES AND PROBLEMS

11. Decision by the U.S. Government on its long-term policy with respect to the Japanese Treaty Islands is urgently needed. Effective action on virtually all major problems now facing the United States in its administration of the islands, particularly the Ryukyus, is hampered—in some cases seriously—by the lack of a settled policy. Moreover, delay by the United States in defining and making public its intentions tends to permit the development in Japan and in the islands of political pressures and issues which are made to order for political exploitation inimical to U.S. interests.

Alternatives

12. Four possible courses of action are open to the United States with respect to the islands. These alternatives are briefly discussed in the following paragraphs.

13. *Application to the United Nations for a Strategic Trusteeship.* This is the course of action which was envisaged at the time of the Peace Treaty, and various public statements at that time indicated that the United States intended to retain only temporarily its exercise of all powers of administration, legislation and jurisdiction. However, it has become increasingly apparent that there are serious disadvantages to this course of action. The application for a strategic trusteeship would be subject to a possible Soviet Union veto in the Security Council, and we might, therefore, have to accept an ordinary trusteeship. Our subsequent administration would be subject to harassment in the United Nations by the Soviet Union and its satellites. In addition, the Japanese would

[2] Neither printed.

regard trusteeship as a step away from the eventual relinquishing of powers of civil administration to them, and would therefore resent it. For these reasons, State and Defense agree that it is not desirable to request a United Nations trusteeship over these islands.

14. *Relinquishing Authority Over All the Islands to Japan.* Under the present conditions of international tension in the Far East, it is important for the maintenance of our defense system in the Pacific that we retain an assured control over at least the major base areas in these islands. State and Defense therefore agree that for the present we should not relinquish to Japan powers of civil administration over the Ryukyu Islands south of the Amami group, Nanpo Shoto (including the Bonins, Rosario and the Volcanos), and Parece Vela and Marcus Islands.

15. *Maintenance of Existing Degree of United States Control Over All the Islands.* It is the view of the Secretary of Defense, the Joint Chiefs of Staff, the Commander in Chief, Far East, and the Commander in Chief, Pacific, that the Ryukyus and Bonin–Volcano Islands are of such vital importance to the security of the United States that there should be no relaxation in the degree of present United States control until the Pacific area is no longer threatened by Communist aggression. The reasons for this position follow: *

a. The security and effective control of military bases on these islands would be jeopardized by relinquishing of any degree of full administrative control granted to the United States over the islands by article 3 of the Japanese Peace Treaty.

b. The strategic importance of these islands was recognized by the Secretaries of State and Defense in a memorandum dated September 8, 1950 forwarded jointly to the President (NSC 60/1), [3] which expressed agreement that certain security requirements should be considered vital and that the negotiations concerning the Japanese Peace Treaty must take them into account. These requirements included "its terms must secure to the United States exclusive strategic control of the Ryukyu Islands south of latitude 29 degrees north, Marcus Island, and the Nanpo Shoto south of Sofu Gan". Since the date of the aforementioned memorandum, security conditions have considerably worsened in the Pacific area and United States security requirements in these islands has [*have*] increased rather than diminished.

c. Return of the Amami group to Japan would unquestionably intensify Japanese efforts to gain control of the rest of the Ryukyus. Prime Minister Yoshida, in a letter of a few weeks ago to the United States Ambassador in Japan, stated that Japan's desire for

* For detailed statement, see Annex A. [Footnote in the source text. Annex A is not printed.]

[3] For text, see the enclosure to the letter from Secretary Acheson to Secretary Johnson, *Foreign Relations*, 1950, vol. VI, p. 1293.

return of Amami is "a first step" toward return of full control of all of the Ryukyus to Japan.

d. No predictable political benefit to the United States resulting from the granting of any concession to Japan could outweigh the certain jeopardy to the integrity of the U.S. strategic position in the Far East which would result from any modification of the *status quo* of the subject islands. By "*status quo*" is meant continuing full authority of the United States to exercise any and all powers over these areas as granted by Article 3 of the Peace Treaty.

e. Japanese desire for return of the Ryukyus does not spring from concern on their part of alleged shortcomings of the U.S. administration of the islands.

f. Return of all the islands to Japan during present international tensions in the Far East is considered undesirable by State as well as by Defense. Return of Amami alone, unless accompanied by an indication of additional U.S. concessions, would be at most a minor gain for the Japanese, and even undesirable for them in some respects. It would therefore appear erroneous to suppose that returning the Amami group would have any significantly favorable results for the United States in solving serious problems in US-Japanese relations.

g. A public statement of the United States intention to retain these full powers until conditions of peace and stability prevail in the Far East is essential in order (1) to eliminate reversion pressure as a political problem in the Ryukyu Islands, (2) to permit effective action on major problems now facing the United States in its administration of the area, and (3) to forestall the development in Japan of political issues made to order for political exploitation.

16. *Relinquishing Authority Over Amami Group to Japan: No Revision in Status of Other Islands.* The Department of State believes that authority over the Amami group should be relinquished to Japan at an early date, after agreement with Japan on the necessary rights there for military purposes, the precise timing to be determined with a view to obtaining the greatest possible political advantage in our relations with Japan, and the maximum bargaining leverage in other matters pending with Japan. There should be no revision of the status of the other islands during the present conditions of international tension in the Far East, but ultimately civil administration in all the islands should be relinquished to Japan after agreement has been reached with the Japanese assuring us of the necessary military rights. This recommendation has the following advantages: †

a. Political and military factors are adequately balanced. All necessary military rights are secured in the context of a political situation which gives them meaning. Retention of our political control

† For detailed statement, see Annex B. [Footnote in the source text. Annex B is not printed.]

over all islands except the Amami group protects our essential strategic interests. The relinquishing of our powers of civil administration in the Amami group will be of minimal strategic significance, but will allay the most acute of the political difficulties with Japan. If steps are taken at the same time to improve civil administration in the Ryukyus and to give added responsibility to the Japanese, other sources of continuing friction between the United States and Japan will be removed.

b. Restoration of their administrative control over the Amami group will relieve the Japanese Government of a major source of opposition pressure. At the same time our continued political control over our major bases in the area will keep the Japanese Government technically free from responsibility for operations which may have to be conducted from these bases.

c. While there is no doubt that the Japanese will continue to express their desire to regain administrative control over all of the islands, effective implementation of the recommendations for improving administration over them, together with public announcement of our intentions, will greatly decrease present agitation and friction.

d. By taking steps to meet the increasing Japanese desire to regain powers of civil administration over at least some of these islands, the United States gains bargaining leverage which should help us in other matters on which we must deal with the Japanese.

e. United States financial and administrative responsibility in the Ryukyus will decrease as Japanese responsibility is gradually increased; nevertheless the United States will retain the necessary measure of control over these islands.

f. The recommended course of action will eliminate most of the basis for one of the major propaganda weapons the Communists and other anti-American elements have used in trying to drive a wedge between Japan and the United States. It will also diminish the effectiveness of the appeal of similar groups to the Ryukyuan population. Thus the United States has in this situation an opportunity for a positive step which will seize the psychological initiative from the Soviets in the efforts to capture Japanese public opinion.

g. This course of action will materially strengthen the willingness of the Japanese Government and people to cooperate with the United States, and will thus strengthen the security of the offshore island chain in the Pacific.

Problem of Improved Civil Administration in the Ryukyus

17. Whatever decision is taken as to the status of the islands—whether the *status quo* is maintained as recommended by Defense or the Amamis are returned to Japan as recommended by State—numerous urgent problems will face the U.S. administration in the Ryukyus. Among the more pressing and difficult are those associated with improving relationships between the local government and the civil administration, assuring adequate sources of revenue for the native government, creating a workable and acceptable system

for compensating and resettling the Ryukyuans whose land is required by the United States, and rebuilding a school system fast enough to meet the needs of the population. A revised directive for the U.S. administration, implementing solutions and approaches to these problems, is now in draft form. Issuance of the new directive has, of necessity, been held up pending final decision on the long-range disposition of the Ryukyus. There is also an immediate need to define the basic authority for civil administration over any islands to be retained. Accordingly, it would be desirable for the Department of Defense to expedite issuance of the revised civil affairs directive for the Ryukyus and to prepare any other necessary instrument defining the basic authority for administration of these islands.

RECOMMENDATIONS

18. It is recommended that the National Security Council:

a. Decide whether the United States should:

(1) As recommended by the Department of Defense, maintain the degree of control and authority now exercised, pursuant to Article 3 of the Peace Treaty with Japan, over all the islands mentioned in Article 3, until conditions of peace and stability prevail in the Far East.
Or

(2) As recommended by the Department of State, relinquish civil administration over the Amami group to Japan, subject to agreement with Japan on U.S. military rights in this group, but maintain the degree of control and authority now exercised pursuant to Article 3 of the Peace Treaty with Japan, over all the other islands mentioned in Article 3, during the present international tensions in the Far East.

b. Decide that the United States should, at an appropriate time to be determined in the light of the international situation, make a public announcement of its intentions with respect to the Japanese Treaty Islands, as determined under a above.

c. Direct the Department of Defense, in coordination with other interested agencies to (1) expedite revision of the present civil affairs directive providing for continued improvement of the civil administration of those Ryukyu Islands under U.S. jurisdiction, and (2) prepare any other necessary instrument defining the basic authority for administration of these islands.

[Here follow a map, not reproduced, and Annexes A and B.]

No. 652

S/S–NSC files, lot 63 D 351, NSC 125 Series

Memorandum by the Assistant Secretary of State for Far Eastern Affairs (Robertson) to the Secretary of State

TOP SECRET [WASHINGTON,] June 16, 1953.

Subject: NSC 125/5 "United States Objectives and Courses of Action with respect to Japan". [1]

NSC 125/5 is to be considered by the National Security Council at its meeting on Thursday, June 18. On April 8, the National Security Council considered NSC 125/4, an earlier and substantially similar draft of this paper. However, it believed that the paper did not sufficiently emphasize the problem of the long-term viability of the Japanese economy, and it therefore referred the paper to the Planning Board for the addition of such material.

The Planning Board added to the Progress Report on Pages 15 to 17 a section analyzing Japan's economic problem. In addition, Paragraph 2 on Page 1 of the paper calls particular attention to the fact that for the foreseeable future Japan will require "substantial direct or indirect assistance" from the United States. This is the central fact about Japan's economic situation which necessarily colors all United States policies and courses of action with respect to Japan.

NSC 125/5 reaffirms the previous policy paper on Japan, NSC 125/2, which was approved by the President on August 7, 1952.[2] Then in Section 3, the present paper lists certain courses of action which require special emphasis now and in the near future. Since NSC 125/2 was completed in the post-treaty period, we believe after carefully reviewing it that, with the addition of the new paper to stress those matters which are currently most urgent, it is still valid as a statement of our basic policy toward Japan.

Section 3b(1) on Page 3 of NSC 125/5 concludes by saying "Nevertheless, the United States should continue efforts to persuade the Japanese Government to accelerate the development of its defense forces", which was inserted by the Planning Board at Defense insistence. We believe that it conflicts to some extent with the concept of reaching a mutually agreed program with the Japanese which is set forth in the first sentence of the same section. It would be desirable in the discussion of this paper to emphasize the political, psychological and economic difficulties which defense measures pose for the Japanese, and to call attention to the fact that we may

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[1] See Document 646.

[2] Document 588.

find that too great pressure—especially public pressure—upon them to speed their defense buildup will be self-defeating.

Recommendation

That you concur in NSC 125/5 "United States Objectives and Courses of Action with Respect to Japan".

No. 653

PPS files, lot 64 D 563, "Japan"

Memorandum by the Assistant Secretary of State for Far Eastern Affairs (Robertson) to the Secretary of State

TOP SECRET [WASHINGTON,] June 16, 1953.

Subject: NSC Consideration of the Japanese Treaty Islands.

On Thursday, June 18, the National Security Council is scheduled to consider the difference of opinion between the Departments of State and Defense concerning the disposition of the Ryukyu, Bonin and other islands mentioned in Article III of the Japanese Peace Treaty. [1] The report by the NSC Planning Board to the Council [2] contains a statement of the background and various possible courses of action and then summarizes the conflicting recommendations of the two Departments. Attached as Annex A (pages 12 to 21) is a brief for the Department of Defense position; attached as Annex B (pages 22 to 30) is a brief for the Department of State positions. [3]

The Defense position is that there should be no revision in the status of any of these Treaty islands for the indefinite [illegible] the result of our conversation on June 11, you [illegible] ment of State position which agrees that we should [illegible] islands except the Amami group in their [illegible] present international tensions in the Far East contain. [4] However,

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[1] The Council did not take up this question until June 25; see Document 681.

[2] Document 651.

[3] Neither annex is printed.

[4] No memorandum of this conversation has been found in Department of State files. On June 2 Robertson had sent to the Secretary a memorandum containing a proposed Department of State position for submission to the NSC Planning Board, and had commented on the proposal in part as follows: "In all but one respect this [position] is consistent with the position you approved as the result of a memorandum of March 18 to you from Mr. Allison. This one respect is the implicit recommendation that the Bonin Islands should be retained and that the islanders should not be permitted to return during present international tensions in the Far East. At the conference in Honolulu with Admiral Radford and Frank Nash, Mr. Allison agreed that he would be willing to present this position to the Japanese Government and to recommend it to you. FE concurs." (794C.0221/5-2953) For the memorandum dated Mar. 18, see Document 638.

we recommend that the NSC determine that we should relinquish control over the Amami group to Japan at an early date, the precise timing to be determined in relation to other matters which we have pending with Japan.

In the annexes, the NSC is presented with a basic difference in political judgment. Nothing in the Defense paper indicates that the Amami group has any strategic importance which could not be adequately protected by securing appropriate base rights from the Japanese. The Defense case is therefore predicated upon the theory that relinquishing control over the Amami group would whet the enthusiasm of the Japanese to regain control over the rest of the islands and would increase irredentist sentiment among the islanders. Our own judgment is that we can ease a serious and increasing source of friction by relinquishing control over the Amami group. The Japanese Government desires reversion of the islands and has formally told us so. They know that the strategic case for our retention of Amami is weak, whereas the strategic case for the retention of the other islands is strong. In order to enable us, without alienating the Japanese, to retain control over the islands where we need it for our strategic interest, we should relinquish the control we do not need.

Recommendation

That you support the Department of State position as set forth in Paragraph 18a(2) and also the recommendations in 18b and c of the paper on the Japanese Treaty Islands.

No. 654

S/S–NSC files, lot 63 D 351, NSC 125 Series

Memorandum by the Executive Secretary (Lay) to the National Security Council

TOP SECRET WASHINGTON, June 23, 1953.

Subject: United States Objectives and Courses of Action with Respect to Japan

Reference: NSC 125/5 [1]

The enclosed revised financial appendix for the reference report on the subject is transmitted herewith for the information of the National Security Council in connection with its consideration of NSC 125/5 at its meeting on Thursday, June 25. It is requested

[1] See Document 646.

that the enclosure be substituted for pages 7 and 8 of NSC 125/5 and that the latter be destroyed by burning. [2]

JAMES S. LAY, JR.

[Enclosure]

FINANCIAL APPENDIX

Cost of Certain Programs for Japan in Fiscal Years 1951, 1952, and 1953 and Estimates for 1954

(Millions of dollars)

Programs	*1951*	*1952*	*1953*	*1954*
Army	78.6	150.0	300.0	40.0
Navy	—	—	—*	10.6
Air	—	—	—	61.1
Total Military	78.6	150.0	300.0	111.7
Economic†	190.5	4.4	—	—
Total Assistance	269.1	154.4	300.0	‡111.7

* In addition to the Army figures, Public Law 467, 82d Congress, [66 Stat. 443] authorized the loan to Japan of 18 U.S. navy frigates and 50 landing craft for the Japanese Coastal Safety Force. [Footnote in the source text.]

† Government and Relief in Occupied Areas (GARIOA). Includes administrative costs and reorientation program. [Footnote in the source text.]

‡ F.Y. 1954 MDA Program submitted to the Congress May 8, 1953, exclusive of training program of $7.9 million for Japanese National Safety Force. [Footnote in the source text.]

Note: Estimates of costs of future programs will be considered in subsequent revisions of this document, as the costs of these programs become firm.

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[2] The original financial appendix of NSC 125/5 was not destroyed in the copy in S/S–NSC files, lot 63 D 351, NSC 125 Series.

No. 655

Eisenhower Library, Eisenhower papers, Whitman file

Memorandum of Discussion at the 151st Meeting of the National Security Council, Washington, June 25, 1953 [1]

[Extracts]

TOP SECRET EYES ONLY

The following were present at the 151st meeting of the Council: The President of the United States, Presiding; the Vice President of the United States; the Secretary of State; the Secretary of Defense; the Director for Mutual Security; the Director, Office of Defense Mobilization. Also present were the Secretary of the Treasury; the Director, Bureau of the Budget; Admiral Fechteler for the Chairman, Joint Chiefs of Staff; the Director of Central Intelligence; Robert Cutler, Special Assistant to the President; Lewis L. Strauss, Special Assistant to the President; C.D. Jackson, Special Assistant to the President; the Military Liaison Officer; the Executive Secretary, NSC; and the Deputy Executive Secretary, NSC.

There follows a summary of the discussion at the meeting and the main points taken.

. . . . . .

4. United States Objectives and Courses of Action With Respect to Japan (NSC 125/5; [2] NSC 125/2; [3] Memo for NSC from Executive Secretary, same subject, dated April 27, 1953 [4])

Mr. Cutler briefed the Council on the background of the present paper, and then discussed the problem of criminal jurisdiction over our forces in Japan, which was complicated by the fact that the Congress had not yet acted on the NATO status of forces proposal which, if accepted, would apply also in Japan.

The President predicted that the NATO status of forces proposal would have a tough time in the Congress. It was impossible to surmise why the inhabitants of Capitol Hill thought they knew more about how to handle such problems than the military men on the scene.

Apropos of the relation between the objective of achieving higher goals for the Japanese armed forces and at the same time strengthening the Japanese economy, the President observed that we must be careful not to urge too high standards of military readiness on

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[1] Drafted by Gleason on June 26.
[2] See Document 646.
[3] Document 588.
[4] Not printed. (S/S–NSC files, lot 63 D 351, NSC 125 Series)

the various nations we were trying to rearm. If we believed that the Japanese should go from 4 to 10 divisions, the President stated that we would have to help them.

There then ensued a discussion of the Financial Appendix on page 7 of the report. [5]

At the conclusion of this discussion, Secretary Dulles said that he doubted if the present report accurately reflected the desperate state of the Japanese and, more particularly, the impact on their economy of an end of hostilities in Korea and a consequent lessening of our procurement in Japan for war purposes. He pointed out that recently the Japanese had dipped heavily into their dollar reserves, and he did not see how it would long be possible for the Japanese to go on with their terrible trade deficit.

Mr. Cutler pointed out that the report urged an increase of Japanese trade with Southeast Asia as offering possibilities.

Mr. Stassen said that there was at least one favorable development in this grim picture—the Japanese had at last succeeded in getting back into the sterling area, from which they had been so long excluded.

The President inquired why Japan expressed its deficit in terms of dollars. Can't they trade with non-dollar countries? We ought, thought the President, to encourage trade, for example, between the Philippines and Japan. The President pointed out, and Mr. Stassen confirmed, that the big Japanese dollar deficit arose from the purchase in the United States of coal, iron ore, and rice. Perhaps it would be possible to purchase Australian coal instead, and in any case, new avenues of non-dollar trade must certainly be opened to the Japanese.

While there was general agreement with these views, the Secretary of State pointed out that continued hostility toward Japan in the Southeast Asian areas she had overrun during the last war, still constituted an obstacle to this kind of trade.

The President then inquired whether our Bureau of Mines had any statistics on coal resources in the Philippines. He thought that the Council should be provided with information on this point.

The National Security Council: [6]

a. Adopted the statement of policy contained in NSC 125/5 subject to the following amendments:

(1) *Page 2, subparagraph 3-a-(1):* Revise the last sentence to read: "However, it is not probable that this issue can be re-

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[5] See the enclosure, *supra*.

[6] The lettered subparagraphs constitute NSC Action No. 823. (S/S–NSC (Miscellaneous) files, lot 66 D 95, "Record of Actions of the National Security Council, 1953")

solved until favorable Senate action is taken on the NATO agreements."

(2) *Page 3, subparagraph 3-b-(1):* Revise the last sentence to read: "Nevertheless the United States should continue to encourage the Japanese to develop defense forces consistent with the economic capability of Japan."

b. Noted the progress report contained in NSC 125/5.

Note: The statement of policy contained in NSC 125/5, as amended, subsequently approved by the President and circulated as NSC 125/6.

5. *The Japanese Treaty Islands* (Memo for NSC from Executive Secretary, same subject, dated June 15, 1953;[7] NSC 125/5, para. 4)

Mr. Cutler briefed the Council on the background of the report and the long-term disagreement between the Departments of State and Defense with respect to the treaty islands. He then called attention to the recommendations on page 10 of the report,[8] including the difference between State and Defense with respect to the return of the Amami group to Japan. Mr. Cutler then called on the Secretary of State for his views.

Secretary Dulles said that in the light of current developments in Korea he strongly questioned whether this was the moment to decide on the return of any of these islands to Japan. It would be quite satisfactory to him if the Council deferred decision until we know whether there is to be more war or more peace in Korea. If we had to withdraw from Korea it might be very undesirable to effect any change in the status of these islands.

While specific events in recent days caused him to feel as he did, Secretary Dulles went on to say that in general in past months and years he had felt that the United States should allow the maximum possible civilian control over these islands, compatible with military requirements, to revert to the Japanese. He pointed out that the Defense Department argued that nothing less than 100% U.S. control was in fact compatible with military and security requirements. Secretary Dulles emphasized that he could not understand this Defense Department position. On the contrary, it seemed to him perfectly possible to maintain the necessary U.S. bases in these treaty islands without assumption by the U.S. of civil administration in them. Such administration was costly to the United States and unpopular in Japan. He pointed out that he had drawn up the peace treaty between the United States and Japan in such

[7] Document 651.
[8] Numbered paragraph 18.

fashion as to permit the United States to retain all that was needed by way of authority to protect vital security interests, but that he had not believed that we needed to annex all these islands to achieve our military objectives.

Okinawa, he pointed out, was an exception to his general thinking. It was such a large military base and such an important one, that it would probably have to remain wholly under United States administration. Even so, he hoped that this administration in Okinawa could be made more civilian-minded. The administration of Okinawa still carried a heavy wartime flavor and character, with the result that 90% of the Okinawans hated the United States. The Secretary said that, under recommendation C on page 10 of the paper, it would be possible to improve this situation and to get rid of obsolete wartime directives for the civilian administration.

Secretary Dulles went on to express his firm conviction that the extraordinary legal rights which had been secured to the United States in the peace treaty with Japan, would eventually prove quite worthless unless we exercised these rights in a manner designed to secure the support and loyalty of the Japanese. This was true both in Japan and in the islands.

In conclusion, Secretary Dulles stressed his complete inability to grasp why, in order to maintain a radar and radio station for the U.S. in the Amami Islands, it was necessary to take over the entire administration of these islands. This made no sense to him.

Mr. Cutler pointed out that it cost the United States approximately $2,000,000 a year to administer this group of islands, and that the Japanese could do it readily enough with yen.

The President inquired as to the population of the Amami group. For the moment, nobody could answer his question, and Secretary Wilson then expressed the viewpoint of the Department of Defense as against the views just expressed by the Secretary of State.

The point, said Secretary Wilson, was that our military felt that their position in the islands was a good deal more secure than our position in Japan proper. Our military people thought that Okinawa and our other bases were extremely important to us, quite independently of our base rights in Japan. If, however, we could be sure that the Japanese would "stay with us" over the long term, he would be glad to give up the administration of the islands. He furthermore expressed agreement with the Secretary of State's position that it was not necessary to rule over all the people of the Amami Islands in order to maintain a United States radio and radar station.

The President then said that we must get down to the business of our objectives in these areas. We could start, he said, with our conviction that the retention of Japan and of its potential strength

was of vital importance to our own security interests. Accordingly, to insist on controlling this little group of islands, which obviously meant a lot to Japan, amounted to risking the loss of our main objective, which was to assure ourselves of Japan's friendship and loyalty over the long run. This seemed to him, said the President, silly, and he felt the Army was taking a little too narrow view if its opposition to the return of these islands was only to secure a radar station.

The President went on to expand his comments on his experience in the occupation business. He pointed out that in almost every case the peoples of the occupied areas had come to hate our soldiers, for one thing because they were comparatively rich. But the President said that with regard to our "fortress positions", or main bases, such as Wake, Okinawa and Iwo Jima, that was a different story.

Secretary Wilson warned that Okinawa was becoming a very real problem for the United States. Unlike the other islands, it had a very large population and the Japanese considered it very important for themselves, and were plainly determined to do everything they could to get it back. Secretary Wilson said, however, that he was prepared to agree to the return of the Amamis.

Secretary Dulles replied that this was not the moment to return the Amamis. This return should be timed to extract the utmost advantage from it. As for Okinawa, he felt it was not in accordance with our best security interests to share authority there with the Japanese. He also pointed out that, strictly speaking, we would not be obliged to get out of the Amamis; we could make provision to go back if it proved necessary.

Secretary Wilson then commented that it might be possible to permit the Japanese to take over the administration in Okinawa if conditions ever permitted it.

At this point Colonel Carroll, who had left the room to ascertain the answer to the President's question on the population of the Amamis, returned and reported that they had 219,000 inhabitants.

The President then stated emphatically that to him it was a "must" to return these islands to Japan.

Admiral Fechteler noted the relationship between this problem and the statement of Yoshida at the signing of the Japanese peace treaty. [9]

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[9] Apparently a reference to the following sentence from Yoshida's remarks to the Conference, Sept. 7, 1951: "I cannot but hope that the administration of these islands will be put back into Japanese hands in the not distant future with the reestablishment of world security—especially the security of Asia." (Department of State, *Japanese Peace Conference: Proceedings*, p. 277)

The President replied that he understood the issue of the timing of the return to Japan of these islands in accordance with the Yoshida statement, but that we must not overlook the question as to where our true interests lie. Maybe, said the President, the time is actually approaching for the return of some, at least, of these islands.

Mr. Cutler then suggested that the Council might agree to accept the State Department position favoring return of the Amami group as set forth in the report, but to leave the implementation of this matter of policy to a future joint decision of Secretaries Dulles and Wilson.

The President, however, reverted to Yoshida's statement, and pointed out that it brought up the whole principle of reversion to Japanese sovereignty. That was impossible to carry out at present, but he could see no objections to turning over the small Amami group. He was concerned, however, by the Army's contention that if we did that Okinawa would be the next to go.

Secretary Wilson expressed the thought that the members of the Council would be much surprised if they knew how large a number of American officials were "fooling around" in these islands. (Laughter)

Mr. Stassen and Secretary Dulles pointed out to the Council that the return of these islands should be calculated and timed in ways that would tend to hasten the process of Japanese rearmament.

Apropos of Mr. Cutler's suggested Council action, the President said that the question of implementing the proposed policy of returning the Amami group should not be decided solely by State and Defense, but should be brought before the Council in not more than 90 days. He also emphasized the importance of relating the return of these islands to the development of Japan's military strength.

Mr. Dodge then pointed out to the Council that recommendation C of the report had budgetary implications of considerable importance, and the Council discussed these for some little time.

Among the various costly aspects of our administration in these islands, said Secretary Wilson, we were actually involved in setting up a college, not to mention the very peculiar form of local government in Okinawa. We had set up a local assembly there whose principal activity to date had been debating as to when the Americans should be thrown out.

The President said it was a matter of considerable distress to him that in many of the colleges established by the United States in foreign countries, there were so many Communist students.

Concurring, Secretary Dulles pointed out that at the college in Beirut he and Mr. Stassen had been warned to avoid a visit, because of fear of demonstrations.

Mr. Allen Dulles, however, expressed the belief that such demonstrations primarily reflected nationalist rather than Communist sentiment.

After the Vice President had expressed his concern over the President's point concerning the hostility which occupation forces seemed to incur wherever they were sent, Secretary Humphrey suggested that it would be most helpful if the military could restudy our objectives in these islands with a view to determining how rapidly the military could disengage themselves from civilian activity without harming our military position. Withdrawal, thought Secretary Humphrey, was the one sure way to lower the high costs of our administration.

While there was much support for Secretary Humphrey's suggestion, Mr. Stassen warned that there was still need for U.S. controls in these islands, and that there was much to be said for the Defense Department position in this dispute.

The President, however, re-emphasized his original contention of the inevitable hostility which occupation status involved us in, and pointed out that our own people would feel very much the same way if any foreign forces were long stationed on our soil.

The National Security Council: [10]

a. Adopted the recommendation of the Department of State, contained in paragraph 18–a–(2) of the reference memorandum, to relinquish civil administration over the Amami group to Japan as a matter of policy; subject to the understanding that, in view of the current situation in the Far East, implementation of this policy and any public announcement as proposed in paragraph 18–b will be deferred pending review of the situation by the National Security Council on the recommendation of the Secretaries of State and Defense within 90 days.

b. Agreed that the Secretary of Defense, in collaboration with the Department of State, the Bureau of the Budget, and other interested agencies, should recommend for Council consideration a policy on the civil administration of those Ryukyu Islands remaining under U.S. jurisdiction, which would reduce U.S. responsibility for such civil administration as rapidly as compatible with U.S. military requirements.

Note: The action in a above subsequently transmitted to the Secretaries of State and Defense for report to the Council within 90

[10] The lettered subparagraphs constitute NSC Action No. 824. (S/S–NSC (Miscellaneous) files, lot 66 D 95, "Record of Actions of the National Security Council, 1953")

days. The action in b above subsequently transmitted to the Secretary of Defense for implementation.

. . . . . .

S. EVERETT GLEASON

No. 656

794.5 MSP/6–2653

The Ambassador in Japan (Allison) to the Department of State

No. 2790 TOKYO, June 26, 1953.

Subject: Note Exchange on MSA [1]

The following are enclosed for information:

1. An English translation of a note in Japanese dated June 24, 1953 bearing the seal of the Foreign Ministry. This note requests information regarding certain aspects of the United States Mutual Security Act.
2. Copy of the Embassy's reply dated June 26, 1953.

For the Ambassador:
JOHN M. STEEVES
First Secretary of Embassy

Enclosure No. 1

The Japanese Ministry of Foreign Affairs to the United States Embassy

No. 914/EA1

NOTE VERBALE

The Ministry of Foreign Affairs presents its compliments to the Embassy of the United States of America in Japan and, with regard to the United States assistance to foreign countries under the Mutual Security Act, has the honor to inform the Embassy that the Ministry, with the knowledge that the Government of the United States is prepared to extend, if Japan wishes, such assistance to her, has been studying the matter from various angles, because of the importance of its effects, and has in this connection further the honor to request the Embassy to indicate the official views of the Government of the United States on the following points:

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[1] For background information, see despatch 23 from Tokyo, Document 659.

(1) The fundamental objective of the United States' assistance to foreign countries under the Mutual Security Program is understood to maintain and promote security of the free world; and in case when the assistance to Japan under the same program is given, the Japanese Government understands that the afore-mentioned fundamental objective is to be fully accomplished by enabling Japan, through the assistance to be received, to ensure its internal security and its home defense. Is this understanding correct?

(2) In so far as the assistance to Japan contemplated by the U.S. Government under the Mutual Security Program is intended to assist Japan's defense effort, the Japanese Government will deem that, in the consideration of the defense capacities of Japan, the economic stability and development of Japan shall be its prerequisite. Is this understanding correct?

(3) It is the understanding of the Government of Japan that, in receiving the assistance referred to above, it is bound by the applicable provisions of paragraph (a) of Section 511 of the Mutual Security Act. In this connection, is it correct to understand:

(a) that the requirements for the fulfillment of the "military obligations", as provided under sub-paragraph (3) of the said paragraph (a) of Section 511, will be met, in the case of Japan, by the fulfillment of the obligations which Japan has already assumed under the Security Treaty between the United States of America and Japan?

(b) that, with regard to sub-paragraph (4) of the said paragraph (a), the requirements for Japan for the "development and maintenance of its own defensive strength" will be sufficiently met if it is carried out to such extent as permitted by Japan's general economic condition and consistent with Japan's political and economic stability?

TOKYO, June 24, 1953.

Enclosure No. 2

The United States Embassy to the Japanese Ministry of Foreign Affairs

No. 2416

The Embassy of the United States presents its compliments to the Ministry of Foreign Affairs and with reference to the matters raised in the Ministry's Note of June 24, 1953, concerning the Mutual Security Program of the United States, has the honor to state under instructions from its Government that:

1. Assistance under the Mutual Security Program is primarily designed to maintain and promote the security of the free world and any assistance for which Japan may become eligible under this Program will be designed to further the main objectives of the Program by enabling Japan to safeguard its internal security and to

exercise more effectively its inherent right of voluntary individual or collective self-defense as guaranteed in Article 5 (c) of the Treaty of Peace.

2. In the planning of an assistance program for Japan economic stability will be an essential element for consideration in the development of Japan's self-defense capacities. While the Mutual Security Program is premised on the assumption by each participant of its full share of the economic requirements involved, it is, of course, understood that a recipient country can contribute only to the extent permitted by its general economic condition and capacities. Moreover, it is expected that the possibility of United States procurement in Japan of materials required for the Mutual Security Program would be increased if Japan decided to participate in the Program.

3. Any assistance which may be extended under the Mutual Security Act is conditioned upon agreement with the provisions of Section 511 (a) of the Mutual Security Act. The requirements for the fulfillment of military obligations as a condition for the receipt of aid will be met in the case of Japan by the fulfillment of those obligations which Japan has already assumed under the Security Treaty between the United States and Japan. There is nothing in the Mutual Security Program or any existing treaty obligation between the United States and Japan which requires Japan to use its security forces except in self-defense. Sub-paragraph 4 of Section 511 would, of course, call for only such contribution by Japan as would be "consistent with its political and economic stability" and "permitted by its manpower, resources, facilities, and general economic conditions."

The concept of mutual security is based on the realization that it can be achieved only to the extent that those who receive aid from the United States should do their utmost to help themselves and to cooperate among themselves and with the United States to the fullest degree in achieving the objectives of the free world. It is the affirmed desire of the United States to continue to use its resources for the purpose of uniting the efforts of those countries which receive assistance in order that positive accomplishments toward mutual security be achieved with a maximum of efficiency and a minimum of delay and cost.

TOKYO, June 26, 1953.

No. 657

S/S–NSC files, lot 63 D 351, NSC 125/6

Note by the Acting Executive Secretary (Gleason) to the National Security Council

TOP SECRET
NSC 125/6

WASHINGTON, June 29, 1953.

UNITED STATES OBJECTIVES AND COURSES OF ACTION WITH RESPECT TO JAPAN

References:

A. NSC Action Nos. 761, [1] 823 and 824 [2]

B. NSC 125/5

C. Memo for NSC from Executive Secretary, subject "The Japanese Treaty Islands", dated June 15, 1953

D. NSC 125/2, [3] and Annex to NSC 125/3

E. Memos for NSC from Executive Secretary, same subject, dated August 7, 1952, April 27, 1953 [4] and June 23, 1953

F. NIE–52 [5]

The National Security Council, the Secretary of the Treasury and the Director, Bureau of the Budget at the 151st Council meeting on June 25, 1953, adopted the statement of policy contained in NSC 125/5 subject to the following amendments (NSC Action No. 823–a):

Page 2, subparagraph 3–a–(1): Revise the last sentence to read: "However, it is not probable that this issue can be resolved until favorable Senate action is taken on the NATO agreements."

Page 3, subparagraph 3–b–(1): Revise the last sentence to read: "Nevertheless the United States should continue to encourage the Japanese to develop defense forces consistent with the economic capability of Japan."

The National Security Council at its meeting on June 25, 1953, also adopted the recommendation of the Department of State, contained in paragraph 18–a–(2) of the report on the Japanese Treaty Islands transmitted by Reference C, to relinquish civil administration over the Amami group to Japan as a matter of policy, subject to the understanding set forth in NSC Action No. 824–a (see the footnote to paragraph 4 of the enclosure). In addition, the Council agreed that the Secretary of Defense, in collaboration with the De-

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[1] See footnote 10, Document 642.
[2] See footnotes 6 and 10, Document 655.
[3] Document 588.
[4] Not printed. (S/S–NSC files, lot 63 D 351, NSC 125 Series)
[5] Document 567.

partment of State, the Bureau of the Budget, and other interested agencies, should recommend for Council consideration a policy on the civil administration of those Ryukyu Islands remaining under U.S. jurisdiction, which would reduce U.S. responsibility for such civil administration as rapidly as compatible with U.S. military requirements (NSC Action No. 824-b).

The President on June 26, 1953, approved the statement of policy contained in NSC 125/5, as amended and adopted by the Council, and the action of the Council with respect to the Japanese Treaty Islands. The statement of policy contained in NSC 125/5, as amended and approved, is enclosed herewith. The action of the Council with respect to the Japanese Treaty Islands is incorporated in paragraph 4 of the enclosure. The President directs the implementation of the enclosure by all appropriate executive departments and agencies of the U.S. Government under the coordination of the Secretaries of State and Defense.

The enclosed statement of policy sets forth proposed courses of action to which the United States should give special emphasis at the present time. It does not supersede the objectives and courses of action set forth in NSC 125/2.

S. EVERETT GLEASON

[Enclosure]

STATEMENT OF POLICY BY THE NATIONAL SECURITY COUNCIL ON UNITED STATES OBJECTIVES AND COURSES OF ACTION WITH RESPECT TO JAPAN

1. The statement of United States objectives and courses of action with respect to Japan in NSC 125/2 (approved August 7, 1952) is reaffirmed.

2. In the long term, Japanese economic viability is of critical importance to the security of the United States. This viability will be extremely difficult to achieve. Unrestricted trade with Communist China would not of itself solve Japan's economic problem. Although Japan may achieve substantial gains in foreign trade, those gains will not, for the foreseeable future, be so great as to remove the necessity for substantial direct or indirect assistance, part of which could come from expenditures in Japan for U.S. forces. (See paragraph 7-c of the Progress Report attached to NSC 125/5.[6])*

[6] See Document 646.

* Subsequent parenthetical references are to the Annex to NSC 125/3. [Footnote in the source text. The Annex is not printed.]

3. In carrying out the policy in NSC 125/2, the United States should give special emphasis to the following courses of action at the present time and in the near future.

a. Political

(1) Endeavor to resolve the question of criminal jurisdiction over U.S. and UN forces in Japan in a way which will help to eliminate friction between the Japanese Government and countries which have troops in Japan. However, it is not probable that this issue can be resolved until favorable Senate action is taken on the NATO agreements. [7] (pp. 5–6)

(2) Continue to explore the possibilities of collective security arrangements in the Pacific area which would include Japan. (pp. 6–8)

(3) Continue to offer U.S. assistance, when appropriate, on reparations and fishery problems between Japan and the Philippines, Indonesia, the Associated States and Burma; and undertake other measures which would help eliminate friction between Japan and other free Far Eastern nations. (pp. 2, 8, 35)

(4) Impress upon the Japanese and Republic of Korea Governments the desirability of resuming negotiations for the establishment of normal relations and the settlement of outstanding issues. (p. 7)

(5) Combat neutralist, communist and anti-U.S. sentiment in Japan, particularly by immediate implementation of the "Psychological Strategy Plan for Japan" (PSB D–27, January 30, 1953), [8] which stresses efforts to influence the Japanese intellectual classes, support for anti-communist groups, support of those favoring speedy rearmament, and promotion of mutual understanding between Japan and other free Far Eastern nations. (pp. 11–15)

(6) Encourage and support the anti-Communist elements of the labor movement in Japan in order to counter Communist penetration into Japanese trade unions. (pp. 11–13)

b. Military

(1) Continue to assist the Japanese Government in the development of defense forces to the levels now considered appropriate for Japan by the Joint Chiefs of Staff, and discuss with the Japanese Government on a broad basis these levels and the timing of a program for reaching the levels which are mutually agreed as a result of these discussions. Constitutional restrictions, current political developments, and Japanese reluctance, for both political and economic reasons, to make the necessary effort, indicate that at the present rate the Japanese defense forces will not reach the ten-division force by June 30, 1954. Nevertheless, the United States should continue to encourage the Japanese to develop defense

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[7] In NSC 125/5, this sentence reads as follows: "However, it is not probable that this issue can be resolved until Senate action on the NATO agreements."

[8] See Document 628.

forces consistent with the economic capability of Japan. [9] (pp. 18–20)

(2) Further develop joint planning with the Japanese for the defense of Japan, and in particular work out a command structure for the Japanese National Safety Forces which would permit joint tactical use with U.S. forces in case of emergency. (pp. 20–21)

c. Economic

(1) As soon as developments with respect to the Reciprocal Trade Agreements Act permit, seek Japanese accession to the General Agreement on Tariffs and Trade and negotiate with Japan for tariff reductions. In the meantime, refrain from raising duties or applying other restrictions on Japanese exports to the United States. (pp. 28–30)

(2) Obtain a treaty of friendship, commerce and navigation, and treaties for the avoidance of double taxation. (p. 31)

(3) Exercise U.S. good offices to further Japanese participation in trade and investment arrangements; assist Japanese access to resources; encourage private American investment in the technical assistance arrangements with Japan; and foster Japanese productivity. (pp. 30–31, 34–36)

(4) Facilitate sound loans by the International Bank for Reconstruction and Development and the Export-Import Bank for economical projects improving Japan's productivity. (pp. 36–38)

(5) Review from time to time with the Japanese Government, the respective United States and Japanese contributions to security, and adjust the arrangements governing (a) support of United States forces in Japan, (b) grant or sale of military equipment for Japanese forces, (c) offshore procurement of military equipment in Japan in order to provide a maximum Japanese contribution and to render assistance required by Japan's financial position. (pp. 22–28, 32–34)

(6) Develop with the Japanese, a program for Japanese industrial mobilization for defense, and support such a program by United States offshore purchases with Defense and Mutual Security funds. (pp. 22–23, 32–34)

(7) Use United States influence and bargaining power to obtain the following measures on the part of the Japanese:

(a) Non-inflationary fiscal and monetary policies. (p. 37)

(b) Maximization of domestic investment channeled into most important areas. (p. 37)

(c) Avoidance of forms of organization and practices tending to restrict productivity and impair Japan's trading position. (pp. 38–39)

4. The United States should relinquish civil administration over the Amami group to Japan, subject to agreement with Japan on U.S. military rights in this group, but maintain the degree of con-

[9] In NSC 125/5, this sentence reads as follows: "Nevertheless, the United States should continue efforts to persuade the Japanese Government to accelerate the development of its defense forces."

trol and authority now exercised pursuant to Article 3 of the Peace Treaty with Japan, over all the other islands mentioned in Article 3, during the present international tensions in the Far East. †

† The National Security Council adopted this recommendation of the Department of State as a matter of policy; subject to the understanding that, in view of the current situation in the Far East, implementation of this policy and any public announcement as proposed in paragraph 18–b of the report transmitted to the Council by memorandum of June 15, 1953, will be deferred pending review of the situation by the Council on the recommendation of the Secretaries of State and Defense within 90 days. [Footnote in the source text.]

No. 658

794.5 MSP/7–253: Telegram

The Ambassador in Japan (Allison) to the Department of State

SECRET PRIORITY TOKYO, July 2, 1953—5 p.m.

22. For the Secretary. Department distribution only. Re Department telegram 8, July 1, [1] and Embassy's telegram 3, July 1. [2] I discussed problem briefly with Robertson just prior his departure Tokyo for Korea. [3] I gained impression his principal worry was one of timing and not wishing to create conditions which might adversely affect General Clark's present concentration on Korean situation, but that in principle Robertson agreed with position in present draft agreement providing for MAAG to come under Embassy rather than under Commander-in-Chief Far East.

If question of responsibility for MAAG was exclusively internal United States matter, as Department seems to indicate, it would be simple matter as relations here between Commander-in-Chief, Far

[1] In this telegram, drafted in NA, the Department had suggested that since the Departments of State and Defense had been unable to resolve the question of whether any MAAG set up under a Mutual Defense Assistance Agreement should be responsible to the Embassy or to CINCFE, the U.S. draft might omit mention of the subject entirely. "Although similar language included other agreements seems unnecessary retain sentence since purely internal US matter and omission can be explained Japanese on that basis." (794.5 MSP/7–153)

[2] In this telegram, the Ambassador had stressed the eagerness of the Japanese Government to commence negotiations for an MDA Agreement and urgently requested an agreed U.S. draft. He had, however, stated his feeling that it would be "extremely difficult to obtain official confidential agreement by Japanese Government to force goals approved by JCS. Japanese Government agreement, either formal or verbal, to meet limited force goals over five-year period or to increase defense forces as political and economic situation permits, is in my opinion best US can expect from approaching negotiations." The Ambassador concluded that discussion of force goals, while it might take place concurrently with or soon after MDAA negotiations, should not impede conclusion of a standard MDAA. (794.5 MSP/7–153)

[3] Robertson left Washington for the Far East on June 22. For documentation concerning his trip, see vol. xv, Part 2, pp. 1237 ff.

East, and Embassy are good and I should not anticipate any friction whether or not MAAG is responsible to CINCFE or Embassy. However, I cannot agree with Department that this is entirely internal United States matter as it is definitely not so regarded by Japanese.

Question assignment to Japan of MAAG as result of MSA agreement has often been raised in the press as well as in Diet discussions. Japanese Government officials have closely scanned other MSA agreements and know that in all other cases MAAG comes under Embassy. One of principal reasons why Japanese Government has been slow to take definite position on expediting rearmament and on accepting MSA has been real fear of Yoshida and others in government that this would inevitably mean domination of civilian elements by the military. This point has also been frequently raised by opposition parties in Diet and elsewhere. Present organization of Safety Advisory Group for Japan, which is under CINCFE, bears in Japanese mind close relationship to old occupation days and if any MAAG group set up as result of MSA agreement were also to be under CINCFE this would increase belief held by many that occupation is only continued under another name. Japanese also have expressed fear that if MAAG kept under CINCFE group will have tendency to remain large, whereas if entirely new MAAG organization set up under Embassy it could be reduced to minimum.

There is great sensitivity in Japan over continuing domination of certain fields of activity by US military and while real effort has been made by top US military officials to create understanding of new relationship with Japan, nevertheless it is only too apparent here that many of present US training group adopt parental attitude toward the Japanese. I greatly fear that if MAAG is allowed to remain under CINCFE it will only further increase opposition in Diet to present government policy of cooperation with US and would strengthen hands of those who claim US treats Japan as satellite rather than equal partner.

In view of urgency expressed by Japanese Foreign Office officials in beginning negotiations on draft MSA agreement (they have told us they hope agreement can be concluded by July 15), I believe it important we present them with complete draft agreement at earliest possible moment. I am fearful that if we begin by showing Japanese officials draft agreement which omits reference to position of MAAG, it will be difficult for State to obtain later Defense agreement to reinsert this sentence in its present form. While I realize CINCFE is opposed to this procedure and would so express himself strongly if queried by Washington, nevertheless I do believe there is real matter of principle involved here and that best thing to do

is face it. I, therefore, strongly urge Department use all influence at its command to obtain presidential approval for MAAG in Japan to be placed under Embassy as it is in every other country. It will be most difficult, if not impossible, to explain satisfactorily any other action to the Japanese.

ALLISON

No. 659

794.5 MSP/7–653

The Ambassador in Japan (Allison) to the Department of State

SECRET TOKYO, July 6, 1953.

No. 23

Ref: Tokyo's Desp. No. 2540 of May 29, 1953 [1]

Subject: Japanese Request to Negotiate for United States Military Assistance.

The Japanese Government, after having carefully prepared its position, wants aid under MSA. This fact is the upshot of weeks of careful consideration of all angles involved and of testing of political and public opinion. The note exchange of June 26 [2] followed by the Foreign Office request of June 30 to start talks was a crystallization of the Government's opinion that MSA is politically feasible and economically desirable.

The note exchange made public on June 26 was a turning point in the attitude of the Japanese Government not only toward MSA but also toward the problem of defense. The notes cleared the air, pretty well wiped out the inclination for further haggling over the meaning of the word "negotiation", and turned attention from the desirability of an agreement to the terms of an agreement with the United States. The Cabinet decision to start talks on MSA appears to have strengthened the Government's position so far as Progressive support is concerned and the Government's firm attitude should go a long way to obtaining approval of an agreement when signed.

The note exchange of June 26 answered a number of questions to the satisfaction of many political figures and the press. First, they appeared happy to be reassured that a mutual security agreement would be intended to contribute to Japan's domestic security and would impose no requirement on Japan to use its forces other than in self-defense, although critics claim that the United States reply

[1] Not printed. (794.5/5–2953)

[2] See despatch 2790 from Tokyo, Document 656.

was vague on the meaning of self-defense and could be broad enough to mean creation of military forces which might be sent outside of Japan. Second, the Japanese Government interpreted the United States reply to mean that Japan's military obligations would be those contained in the Security Treaty, and these obligations were promptly interpreted by the Foreign Office to mean only Articles I and II of the Treaty providing for the right of United States forces to be disposed in Japan and for prior approval by the United States before armed forces of other countries could enter Japan. The Foreign Minister also stated in the Diet that the preamble of the Security Treaty, in particular that part regarding Japan's increasing assumption of responsibility for its own defense, was not an obligation but only an expectation by the United States. Third, the Foreign Office interpreted the United States reply to mean that Japan's economic position would be considered an "indispensable condition" to development of its defense capacity. Japanese commentators were also quick to point out that the United States reply raised the likelihood of substantial procurement in Japan.

Diet and editorial observers nearly all pointed out that the note exchange was silent on the burning issue of increase of Japan's forces. The Liberal Party claimed that the notes were consistent with Yoshida's theory of gradual increase of defense forces, while opponents including the Progressives said that the big string which the United States will attach to MSA is a request for increase of Japan's defense forces. Yoshida said that after reading the United States note of June 26 he could see no objection to a MSA agreement but he later stated that Japan should not as a general matter agree to increase of the NSF. Diet questioners also wanted to know whether a United States military advisory group would be set up in Japan, a point which has been raised a number of times in the Diet. The Foreign Office replied that an advisory group would probably be set up after conclusion of an agreement but would not interfere with Japan's domestic affairs.

The Japanese decision to request talks on MSA has been the result of lengthy consideration. Secretary Dulles' statement before Congressional Committees on May 5 that the mutual security program contained funds for Japan took the Japanese public by surprise. They could not understand why the United States was going to give Japan money if their Government had not asked for it, and if there had been no request they could not understand why the United States was going to give them the money. After laborious explanations by Government officials and a flood of statements out of Washington, a somewhat clearer understanding of how MSP works began to develop. Ambassador Allison's speech of June 21

cleared up a number of doubts. Foreign Office statements and newspaper articles served to clarify and sharpen the issues. Many important papers remain opposed to MSA, such as *Asahi*, while others like *Nihon Kaizai* say Japan must wait and see what the United States has in mind. *Mainichi* has done a great deal to explain the issue and a valuable commentary by Kisaburo Yokota on June 20 was particularly helpful in analyzing the questions most Japanese ask, namely, what are the strings attached. Business groups have for some time been favorable to the idea of MSA. They have put considerable pressure on the Government to take a receptive position. One important influence on popular thinking is the fear that the Korean procurement will shortly end and, therefore, Japan must find a substitute, which they see in United States procurement under MSA.

Basically the Yoshida Cabinet says MSA fits the Government's position on defense, especially if interpreted to mean that United States will not "demand" increase of the NSF, amendment of the Constitution, or dispatch of Japan's forces overseas. The Liberal Party has also sought to interpret the United States position to mean that Japan's economic position will be given prior consideration before measures to strengthen its defense capacity are considered, although this position is probably designed mostly for public consumption.

Certain tentative conclusions appear possible.

1. Japan will be reluctant to agree to any immediate substantial increase of its defense forces. See Emb despatch no. 2814 of June 30 [3] on the Kimura [4] defense plan.
2. The Japanese Government will attempt, at least for domestic consumption, to limit application of 511 (a) assurances to obligations contained in Articles I and II of the Security Treaty and to the concept of self-defense rather than cooperation with the free world.
3. Japanese negotiators will emphasize Japan's economic needs rather than its defense requirements in the hope of expanding procurement rather than emphasizing the need for military end items produced in the United States.
4. The Japanese may be reluctant to agree to establishment of a military advisory group on any large scale.

Certain by-products of the MSA debate are also apparent. First, there appears to be a growing feeling held by many Japanese that increase of Japan's forces will enable United States forces to be reduced and eventually withdrawn from Japan. Several recent news-

[3] Not printed. (794.5/6–3053)

[4] Tokutaro Kimura had been Director of the National Safety Agency since Oct. 30, 1952.

paper polls appear to support this view. Prime Minister Yoshida also stated that withdrawal of United States forces is an objective of his gradual increase of the defense program. Hitoshi Ashida and other Progressives have been more outspoken along this same line. Second, the Japanese Government remains very wary of any plan for a Pacific defense organization. Foreign Minister Okazaki has recently reported his view that Japan's present system does not permit participation in a broader defense alliance. The action [of] the United States House of Representatives in endorsing the principle of collective security in the Pacific in connection with the Mutual Security Act for 1953 received little attention in Japan. It would appear that the Japanese public is not prepared for collective defense efforts and that Japan's entry into a Pacific defense organization will require considerable development in Japan of both public understanding and defense capacity before further steps can be effectively considered.

For the Ambassador:
JOHN M. STEEVES
First Secretary of Embassy

No. 660

794.5 MSP/7-1053

Memorandum by the Acting Assistant Secretary of State for Far Eastern Affairs (Johnson) to the Secretary of State

TOP SECRET [WASHINGTON,] July 10, 1953.

Subject: Negotiation of a Mutual Defense Assistance Agreement with Japan and Japanese Defense Planning.

Discussion

On June 30, the Japanese Foreign Office formally proposed to our Embassy in Tokyo the initiation of negotiations for an agreement under the Mutual Security Program. The Japanese Government is anxious to submit the Agreement to this session of the Diet which is scheduled to adjourn in early August.

Ambassador Allison has therefore urgently requested the final draft of the proposed Mutual Defense Assistance Agreement with Japan and authorization to initiate such discussions as soon as possible. It had been our preliminary position that an official confidential understanding should be reached with the Japanese Government with respect to force goals prior to the formal negotiation of the bilateral agreement. However, the Japanese have such serious political difficulties on the general question of rearmament that we

now believe it should be left to the discretion of the Ambassador and CINCFE to seek Japanese agreement, either formal or verbal, to meet limited force goals over a five year period or to increase defense forces as the political and economic situation permits. This course of action accords with the recommendation of Ambassador Allison and CINCFE.

Attached is a draft of the proposed Mutual Defense Assistance Agreement (Tab A) [1] which will serve as a basis for negotiation with the Japanese Government. It follows closely the standard type agreement, with minor deviations to take into consideration Japanese sensitivities with respect to rearmament.

The major difference between the proposed draft and the standard agreement is the deletion of a provision that the Military Assistance Advisory Group will in its relations with the Japanese Government, operate under the direction and control of the Chief of the Diplomatic Mission. This provision is inconsistent with the existing Presidential Memorandum of April 23, 1952 [2] governing the relationships between the Ambassador and CINCFE. Ambassador Allison strongly believes that the authority of the Ambassador to coordinate the military assistance activities of United States officials in Japan should be indicated in the Agreement. He believes that the absence of such language would have an unfortunate political reaction in Japan (Tab B). [3] Mr. Robertson who has discussed this question with Mr. Lourie and Mr. Matthews continues to feel that now is not a good time to raise this question with Defense. In view of the desirability of proceeding rapidly with the negotiation of the bilateral agreement it is our view that this clause can be deleted, leaving the eventual status of the MAAG to be resolved at a later date.

Recommendation

I recommend that you authorize me to send appropriate telegraphic instructions to Ambassador Allison:

1) authorizing him to undertake the negotiation of a Mutual Defense Assistance Agreement with Japan along the lines of the attached draft, and

2) leaving it to his discretion, in consultation with CINCFE, to determine the extent and nature of the commitments with respect to force goals to be secured from the Japanese in the course of the negotiations. [4]

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[1] Not printed.

[2] See the attachment to Document 557.

[3] Telegram 22 from Tokyo, Document 658.

[4] A handwritten addition is inserted after this paragraph: "3) not recede in MAAG under Embassy, but only defer. JFD".

Continued

Concurrences

The Department of Defense and the Office of the Director of Mutual Security have concurred in the draft Agreement and the foregoing recommendations.

The Department in telegram 131 to Tokyo, July 14, amplified the Secretary's decision as follows: "MAAG should be attached Embassy same basis as elsewhere in world. Pressing this question to resolution merely being deferred in view time pressures commence negotiations with Japanese." The Department added that the Defense Department and CINCFE were being informed of this position. (794.5 MSP/7-1453)

Revisions to the U.S. draft of an MDAA with Japan, as well as instructions in accordance with the recommendations above, were transmitted to the Embassy in telegram 128 to Tokyo, July 14. (794.5 MSP/7-153) Negotiations commenced on July 15.

No. 661

794.5 MSP/7-1053: Telegram

The Ambassador in Japan (Allison) to the Department of State

SECRET NIACT TOKYO, July 10, 1953—4 p.m.

95. United Press bulletin published in afternoon papers here dated Washington July 10 begins as follows:

"Secretary of State John Foster Dulles said Thursday that an immediate goal of ten divisions is envisaged for the Japanese defense forces in the new Japanese budget and indicated United States funds are needed to help Japan to reach that goal".

Remainder of story gives substance of Secretary's testimony before Senate Appropriations Committee on MSA.

Above statement will obviously be taken up by opposition here and used to castigate government which has firmly maintained no intention to increase present strength of national security forces (which now approximates four divisions). Embassy is at loss to understand statement that "ten divisions is envisaged" in new Japanese budget as such is definitely not the case. In fact Progressive Party is pressing for reduction of 20 billion yen from present budget which is based on assumption of barely maintaining current strength of 110,000 men. Embassy has repeatedly taken public position that United States is not forcing extensive build up in defense force numbers. Indications from Foreign Office are that Yoshida was planning some increase in strength of between 25,000 and 40,000 men during present fiscal year but obviously it will be impossible for Japanese Government to do so if it appears this is being forced by United States.

Request urgent clarifying statement by Secretary which believe could be to general effect that ten divisions is ultimate rather than immediate goal and that press statement is based on misunderstanding. It would be extremely helpful if public statement could be made prior to opening of MSA negotiations which is hoped for next week or if that impossible that I be authorized to make in my opening statement clarifying explanation on behalf of United States Government. I believe it extremely important that American officials refrain in connection with MSA discussions from referring to Japanese constitutional problem. This is matter of great internal interest in Japan and while privately we can use our influence to obtain revision any public expressions can only do harm.

ALLISON

No. 662

110.15 RO/7-1353: Telegram

The Secretary of State to the Embassy in Japan

CONFIDENTIAL
PRIORITY

WASHINGTON, July 13, 1953—5 p.m.

117. Reurtel 114. [1] Department spokesman made following statement press noon July 13 (verbatim text; unnecessary words deleted).

"Secretary has authorized me make following statement for him:

"I have been informed my remarks before Senate Appropriations Committee July 9 concerning Japan misinterpreted.

"Security Treaty United States and Japan expressed expectation Japanese will assume increasing share of burden for own defense.

"Japanese National Safety Force has authorized strength 110,000. We have provided Japanese assistance developing that force and are proposing to Congress to continue assistance through Mutual Security Program. Our tentative thinking has been Japanese needs for internal security and self-defense would be met by ultimate security force about 350,000 or equivalent our terminology about 10 divisions.

"All decisions with respect National Safety Force especially any increase in it will be made by Japanese Government and people through their governmental process. Once their decisions made—whatever they may be—we prepared in interests of collective security free world help equip these forces."

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[1] Dated Aug. 13, not printed; see footnote 2 below.

Press asked re plans Japanese Navy and Air Force. No comment made. Re query whether other concerned Governments aware such plans background reply made that they were.

Re INS story to best knowledge Department no such statement made. [2]

DULLES

[2] In telegram 114 the Embassy stated that the International News Service had released a story concerning an explanatory Departmental statement (previous to that printed above) with regard to the Secretary's testimony. (794.5 MSP/7-1253)

No. 663

794.5/7-1453: Telegram

The Secretary of State to the Embassy in Japan [1]

TOP SECRET
PRIORITY

WASHINGTON, July 14, 1953—12:35 p.m.

130. Pass CINCFE. This message supplements Department's A-696 [2] and JCS 933381. [3]

US Approach

US envisages purpose discussions you and CINCFE authorized reference messages reach understanding with Japanese on plans development defense forces as basis programming US Military Assistance and negotiation Mutual Defense Assistance Agreement. Approach should be in terms Japan must make decision re defense forces for itself. On its part US prepared render assistance Japan.

Japanese Government should be urged take steps educate Japanese public necessity Japan's own interest defend homeland and defensive nature forces contemplated. Such forces do not mean militarism. US official statements comments or media should not use term "rearmament".

Army Financed NSF Program

Legislation being drafted which would authorize Secretary Defense transfer Japan FY 54 equipment and supplies procured Department Army funds previously appropriated. This will probably be separate legislation and not in MS Act. However our posture with Japanese Government should be that after June 30, 1953, no equipment will be delivered under present arrangement other than

[1] Drafted in NA on July 9 and cleared with FE, S/MSA, the Office of the Director for Mutual Security, and the Department of Defense.

[2] Document 637.

[3] Document 635.

that programmed as of June 30 but presently undelivered for initial equipping present forces. Future delivery and legal transfer equipment for initial equipping any new forces to be raised and transfer title to equipment on loan Japanese Government for present forces will be governed by terms MS bilateral agreement since same purpose served and therefore no differentiation in assurances required should be made.

FY 1954 MSP

For your information only FY–1954 Military Assistance Program as submitted Congress includes approximately $112 million for matériel for Japan ($8 million additional included for training and services). Illustrative supply program follows:

NSF $40 million for training ammunition and training equipment for 110,000 men;
CSF $10.7 million for four coastal minesweepers;
Air Force $61.1 million for 60 F–86's and 30 T–33 jet trainers.

Force Goals

Japanese should be advised US force goals communicated by JCS to CINCFE and asked consider them with view ultimate working out mutually acceptable plans long range development Japanese forces. Optimum commitment should be secured from Japan. Before execution military assistance agreement official understanding should be reached re expansion defense forces next year or two preferably in form written confidential document which could serve as basis allocation and programming FY 1954 military assistance funds for Japan and preliminary planning FY 1955 assistance program. Specific terms such understanding left discretion Ambassador and CINCFE.

Procurement

This subject separate State–Defense–DMS message.[3] Program dependent upon Congressional appropriations, country apportionment MDAP funds, program determinations and Japan's ability produce economically and in reasonable time period. As elsewhere OSP Japan must be related firm programs jointly agreed by recipient countries and US. Since major portion OSP program would be related requirements Japanese forces, program cannot be realistically developed without some understanding with Japanese Government re requirements of forces they willing support. This may be important inducement in obtaining necessary Japanese commitments develop their forces.

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[3] Reference uncertain.

Defense and DMS have concurred in foregoing.

DULLES

No. 664

794.5 MSP/7-2253: Telegram

The Ambassador in Japan (Allison) to the Department of State

SECRET PRIORITY TOKYO, July 22, 1953—11 a.m.

218. Department distribution only. Re Department telegram 196, July 21. [1] I am shocked at Defense estimate of MAAG complement and local currency requirements as indicated in reference telegram. As Department points out this would mean Japan would have largest MAAG complement in world. Whereas Formosa has complement of 772 persons to deal with Defense establishment of between 300,000 and 500,000, Defense proposes 1,489 for Japan where total Defense establishment over next two years, at most optimistic estimates, will not exceed 200,000. Japanese are extremely sensitive on whole problem of MAAG and this was made clear in first detailed Japan–United States talks on MSA held yesterday. While separate telegram is being forwarded regarding these talks, it is pertinent here to point out that Japanese negotiators immediately picked on Article 5 United States draft and raised question of overall control of MAAG. Japanese made definite statement that if MAAG were under CINCFE control it would not be acceptable. United States reserved its position on this for time being, although, at instance of Admiral Hanlon, [2] pertinent provisions of law i.e. Section 507 were read to Japanese.

In my opinion Defense estimate is completely unacceptable. I do not believe Japanese Government will accept MAAG of more than 500 men and even this is doubtful. Political situation in Japan vis-à-vis American bases and American troops here is such that instead of largest MAAG in world, Japan should have absolute minimum consistent with carrying out purposes of act. Japanese have tentatively proposed several annexes to MSA agreement, title of one of which reads "concerning status of the MAAG to be sent to Japan under Mutual Security Program". In this annex Japanese Government will attempt to obtain agreement I am convinced not

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[1] The Department in this telegram informed the Embassy that the Department of Defense estimated that the projected MAAG in Japan would need a complement of 1489, and that in FY 1954 it would require $2,320,360 (dollar equivalent) in local currency. (794.5 MSP/4-1053)

[2] Rear Adm. B. Hall Hanlon, in charge of the Civil Affairs section (J-5) of both FECOM and UNC.

only as to overall control of MAAG but as to size. If anything like present Defense estimate is presented it could well kill chances of reaching overall. Above are my personal preliminary comments on Department telegram 196. Embassy will prepare as soon as possible detailed comments along lines requested in reference telegram. [3]

ALLISON

[3] No telegram of this description has been found in Department of State files. In telegram 254 from Tokyo, July 25, the Ambassador reiterated his opposition to a large MAAG complement and added that General Clark had sent a message to the Department of the Army stating that MAAG could function effectively under the control of either the Ambassador or of CINCFE. (794.5/7–2553) General Clark's message was CX–63994, dated July 25, not printed. (Department of Defense files) In telegram 277 from Tokyo, July 29, Allison reported on a conversation with General Clark, in the course of which the latter had stated that 500 persons seemed a more appropriate MAAG complement. (611.94/7–2953)

No. 665

794.00/7–3053

Memorandum by the Assistant Secretary of State for Far Eastern Affairs (Robertson) to the Secretary of State [1]

SECRET [WASHINGTON,] July 30, 1953.

Subject: The Situation in the Far East with Particular Reference to Japan and Korea.

Objective:

To bring about a better understanding with President Rhee of American policy towards Japan and Japan's place in Asia.

ROK Position:

President Rhee in his letter of July 11 to President Eisenhower (Tab A) [2] argues that American development of Japanese power will "be regarded by all Oriental peoples as hastening the time when they must once again prepare to resist or to be victimized by a resurgence of Japanese imperialism". To preclude new Japanese imperialism President Rhee recommends that the United States make Korea, not Japan, the keystone of its strategic power in north Asia. Also, President Rhee in a letter to the Secretary of State of July 25 said that the Koreans are deeply concerned about the "eventual reactivation of Japan's imperialistic designs against

[1] Apparently prepared as background for the Secretary's forthcoming trip to Korea. Dulles left Washington for Seoul on Aug. 2. For documentation concerning his visit there, see vol. XV, Part 2, pp. 1465 ff.

[2] Copy not found attached. For text, see *ibid.*, 1368.

us, well-knowing that Japan has not abandoned the conviction that its own aggrandizement cannot be accomplished except by conquest of Korean resources and of the Korean avenue to Manchuria."

This recent approach by President Rhee reflects the chronic, deep tension between Korea and Japan following the liberation of Korea from Japan in 1945 and is consistent with previous ROK appeals that (1) its army, air force and navy be at least as strong as their projected Japanese counterparts; that (2) United States economic aid to Korea not be used to procure goods from Japan which could be produced in Korea; and that (3) the United States guarantee the ROK against Japanese aggression.

U.S. Position:

After some forty years of severe Japanese domination of Korea, the Korean emotional reaction to Japan and the Japanese is understandable. However, it is necessary for the United States and Korea, both of which suffered from Japanese imperialism, to recognize the realities of the present-day world and look to the future. A Communist Japan would mean great danger to free Korea. It would seriously jeopardize the United States political and military position in the Far East. Everything must be done to help Japan maintain its present orientation in the free world. The United States also recognizes that an authoritarian, ultra-nationalist Japan would be a threat to the interests of free Korea, the United States and the free world.

We feel that a profitable and honorable place must be made for Japan in the free world, and that political, economic and cultural relations between Japan and the other free nations of Asia are vital if Japan is to become a full member of the community of nations.

We wish to support the responsible, forward-looking elements in Japan which have been in control since the end of the war. We oppose the revival of militarism or any form of totalitarianism in Japan. Economic support and cooperation with Japan are necessary, in order that the Japanese economy can sustain the large Japanese population which is living in an area of too few resources. If Japan goes under, we do not see how Korea can long survive.

We would be as concerned over any revival of Japanese imperialism or militarism as the Koreans or any other of our friends and allies in Asia. As we said in our *aide-mémoire* to President Rhee of May 27, "The United States will take a strong stand against any developments from any quarter that affect the political stability, economic progress and military security of the free countries in that area, including Korea." [3] This applies both to Japan and

[3] Not printed. (795B.00/5-2753)

Korea. The Mutual Defense Treaty with Korea applies to attacks from any quarter. The stationing of U.S. forces in Japan and in Korea, as well as in other parts of the Far East, is a guarantee that the United States will make good on that statement.

At the present time we see no prospect for the revival of Japanese imperialism or Japanese militarism for many years to come. On the contrary, Japan is defenseless, the build-up of Japan's defense forces is moving along only very slowly, and there is widespread opposition throughout Japan to militarism, to rearmament, and even to the establishment of any self-defense forces in Japan. Furthermore, the Japanese economy is basically not strong. Whatever its superficial appearances may be, only external assistance over several years will prevent its collapse and the inevitable political consequences.

The United States feels strongly that both Korea and Japan must use every effort to put their relations on a firm and friendly basis. While the United States is not going to intervene directly in any particular dispute between Korea and Japan, the United States will seek to impress upon both Governments the desirability for a complete change in the present strained relationship.

At the same time, we can assure the Koreans that we will not tolerate in the future the resumption of any aggressive or oppressive measures by the Japanese in economic, political or military fields concerning Korea. By the same token, we hope that the Koreans will give the present moderate, middle-of-the-road responsible Japanese a chance to show their good intentions both towards Korea and the free world in general.

Discussion of ROK-Japanese Issues in which U.S. has Particular Interest:

1. Military:

On the military side Rhee will probably complain that the United States is building up Japanese forces which will lead to the imperialism he fears. The present disparity between some sixteen equipped and experienced ROK divisions and four partially equipped and organized Japanese divisions of internal security forces would speak for itself. We have promised President Rhee to help build up his army to approximately twenty divisions. If necessary, we can tell him that we know that it will be a long time, if ever, before the Japanese reach any such level. However, President Rhee may complain that we have given more naval craft to Japan than to the ROK navy. This is correct. But we have also agreed to help him in supporting naval forces.

Provision of U.S. military assistance to Japan will not foster revival of Japanese militarism or aggression. Japanese forces envis-

aged under this program are purely of a defensive nature, directed exclusively toward contributing to the defense and internal security of the Japanese homeland.

2. Sea Defense Zone.

President Rhee may request the Secretary's assurance that the United States will maintain the present Sea Defense Zone around the Korean peninsula. He will desire this in order to keep Japanese fishing vessels at least 50 to 100 miles away from the coast of Korea. In establishing the Sea Defense Zone in October 1952, General Clark announced that it was for military purposes in connection with the hostilities in Korea. However, the real purpose, never made public and never admitted either to the Japanese or to the Koreans, was to stop a dangerous feud from breaking out between the Japanese and Korean fishing vessels. Since October 1952 the Japanese reluctantly acquiesced in the zone and Japanese fishermen by and large have obeyed General Clark's regulations. Now that the armistice has been signed, the Japanese have asked General Clark to lift the Sea Defense Zone as soon as possible. General Clark has stated that sooner or later this would be done, but that this would be a proper subject for his discussions during his trip to Washington.

Since CINCUNC established the Sea Defense Zone for military purposes, President Rhee should be informed, if he raises the subject that it is a matter wholly within the jurisdiction of the United Nations Command.

3. Economic.

President Rhee strongly opposes our procurement of goods and services in Japan out of U.S. aid funds for Korean rehabilitation and relief. The U.S. position is that procurement under the U.S. aid program for Korea should take place wherever it is most advantageous for Korea, in order to use the most practicable source to save time and to economize on funds.

No. 666

Editorial Note

On August 4, Secretary Dulles arrived in the Republic of Korea for talks with President Rhee. On August 8, Dulles left Seoul for an overnight visit to Tokyo, after which he returned to the United States.

Dulles and Rhee discussed Japan–Korea issues during their meeting on August 5. Rhee complained that it was not wise to build up Japan economically and militarily. Dulles replied that the United States–Korea Mutual Defense Treaty would protect Korea from

Japan as well as from the Soviet Union, that the United States no more than Korea wanted Japan to become again "a dominant power," and that Japanese–Korean cooperation was needed for the security of the Western Pacific. For the memorandum of this conversation, see volume XV, page 1466. For discussion of Japan at the Dulles–Rhee meeting held August 6, see Document 671.

No. 667

794C.0221/8–453: Telegram

The Ambassador in Japan (Allison) to the Embassy in Korea [1]

TOP SECRET PRIORITY TOKYO, August 4, 1953—5 p.m.

8. For the Secretary. Reference Embassy telegram 52, July 6. [2] As you will recall from NSC 125/6 [3] which was approved by the President, it has been decided relinquish control of Amami group but not to implement this decision or make any public announcement thereof pending NSC review the recommendation of Secretaries of State and Defense within 90 days of June 29.

My telegram 52, July 6 urged promptest possible action in view danger that any leak would deprive us of immense psychological advantage which we may expect to derive from this decision.

We have now learned informally from Japanese Foreign Office official that in his opinion Russians are preparing make bid any day to improve relations with Japan. There have already been several minor gestures and our contact thinks Russians may soon want to talk peace treaty. He is unable to judge whether Russian motives serious or merely for propaganda purposes to exacerbate US–Japan relations. However possibility of some overt friendly gesture by Russians is yet another important reason for us to announce NSC decision regarding Amami group soonest. If announcement were made only after Russian move, it would look like hasty defensive action on our part rather than genuine initiative by us. Under such circumstances psychological benefit to us would be nil.

This morning subject of islands came up in talk I had with Admiral Stump [4] and Vice Admiral Briscoe. They both agreed that if we have decided to take action envisaged in NSC decision, we should move quickly.

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[1] Repeated for information priority to the Department as 322, which is the source text.

[2] Not printed. (794C.0221/7–653)

[3] Document 657.

[4] Adm. Felix Stump had been designated Admiral Radford's replacement as CINCPAC.

My staff recommends and I concur that urgent consideration be given to possibility your making announcement in Tokyo this Sunday. If this could be arranged I believe we would obtain maximum favorable reaction. Announcement of this importance while you are in Japan would have additional value of demonstrating you had important mission to carry out in Japan as well as in Korea. I continue to believe it is neither practical nor advantageous to attempt to tie this decision to some specific concessions from Japanese. On the other hand announcement should help in promoting Japanese awareness they are increasingly on their own and therefore must develop capacity for self-defense.

This recommendation would require NSC concurrence in waiver of balance of 90 day period. In view dangers involved in waiting full 90 days I would urge that action be expedited in any event even if it should prove impracticable to make announcement this weekend. I trust Department will give you Washington reaction soonest and repeat to me. Believe important announcement should include reference to Okinawa along lines suggested paragraph 3 of reference telegram, particularly regarding plans of administration to take action looking toward improvement in conditions indigenous population. Department will wish also decide questions raised paragraphs 3 I (and II) of reference telegram regarding demarcation line at 27 degrees and notification to other governments. [5] Here Secretary would have opportunity inform Yoshida at Embassy dinner Saturday [6] evening prior to public release.

ALLISON

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[5] These paragraphs read as follows:

"(i) Unless Defense has overriding objections, we would favor setting demarcation line of present decision at 27 degrees to include Okino Erabu Shima and Yoron Jima, historically with rest of Amamis part of Kagoshima prefecture.

"(ii) We cannot appraise from Tokyo desirability of advance confidential notice to certain friendly and interested governments. If this should be considered indispensable, we recommend briefest period, say 48 hours, to minimize security jeopardy."

[6] Aug. 8. Dulles arrived in Japan on that day (local time) from Korea.

No. 668

794C.0221/8–553

Memorandum by the Deputy Assistant Secretary of State for Far Eastern Affairs (Johnson) to the Under Secretary of State (Smith)

TOP SECRET WASHINGTON, August 5, 1953.

Subject: Material for your Telephone Conversation with Mr. Kyes Concerning the Japanese Treaty Islands. [1]

1. The NSC action was taken on June 29 in NSC 125/6 (Tab A). [2] The recommendation that we relinquish civil administration over the Amami group to Japan was subject to the understanding that "in view of the current situation in the Far East" implementation would be deferred pending review of the situation by the National Security Council on the recommendation of the Secretaries of State and Defense within ninety days.

2. Now that there is an armistice, it is important that we move rapidly to take this action. Ambassador Allison points out (Tab B) [3] that much of the psychological gain will be lost if there is any advance leak of our intention to return the Amami group. In addition, there is the possibility that the Russians may make a major gesture of some sort to improve their relations with Japan. If our action on the Amami group follows this gesture, it will appear defensive and will almost completely lose its value, particularly since we are not prepared to relinquish control over Okinawa and the other islands outside the Amami group.

3. The Secretary plans to stop in Japan on August 8 on his way back from Korea. This furnishes an excellent opportunity to make the announcement of our intentions, and we can have the NSC at its meeting tomorrow give him the necessary authorization. A draft of a statement is attached (Tab C). [4] It emphasizes three points: (a) return of the Amami group as soon as the necessary procedural details are worked out; (b) retention of the other islands during the present international tensions; and (c) reviewing present arrange-

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[1] No record of this planned conversation has been found in Department of State files.

[2] Document 657.

[3] Tab B is telegram 8 from Tokyo, Aug. 4, *supra*.

[4] The draft statement differs in several particulars from the statement as transmitted in Tedul 10 to Seoul, Aug. 5, *infra*. The following statement in the draft is omitted from Tedul 10: "Recognizing the close economic and cultural ties that exist between the peoples of these islands and Japan and that residual sovereignty over these islands rests in Japan, the United States has determined that it will not propose that these islands be placed under the trusteeship system of the United Nations." Also omitted in the version in Tedul 10 is a résumé of Article III of the Peace Treaty.

ments for civil administration in these other islands in order to encourage the development of closer economic and cultural ties with Japan. All of these points are consistent with the NSC action.

4. We should not delay the announcement until after base rights are negotiated. If we attempt to negotiate first, knowledge of our intentions will leak and we lose the advantage we otherwise gain. We do not believe there will be any difficulty in arranging with the Japanese for the necessary base rights on the Amami group. [5]

[5] The following handwritten note by Robert J.G. McClurkin appears in the margin of the source text: "8/5. Action taken & 8-453 decision made *before* NSC meeting, to make announcement. RJGM".

No. 669

794C.0221/8-553: Telegram

The Acting Secretary of State to the Embassy in Korea [1]

TOP SECRET
PRIORITY

WASHINGTON, August 5, 1953—6:18 p.m.

Tedul 10. President and Secretary Defense have concurred in your making announcement in Tokyo in your discretion with regard to relinquishing control over Amami group and statement on administration Okinawa. Following is suggested text which has been cleared with Defense:

"The US intends to relinquish civil administration over the Amami Islands to the Government of Japan as soon as agreement is reached on the necessary understandings involved.

"With respect to the other islands included under Article 3 of the Japanese Peace Treaty it will be necessary for the US to continue its civil administration while present conditions of insecurity and instability in the Far East continue. The US will thus be able to carry out more effectively its responsibilities under the security treaty between the US and Japan to contribute to the maintenance of peace and security in the area. Meanwhile the US is reviewing present arrangements for the civil administration of the Ryukyu Islands."

Suggest in discussion with Yoshida before announcement you may wish to make point that the turning back of Amami group increases area of Japanese defense responsibility and thus emphasizes desirability increased Japanese efforts to fulfill expectations

[1] Drafted by U. Alexis Johnson; cleared in substance by him with the Department of Defense (Nash); approved for transmission by Acting Secretary Smith; and repeated to Tokyo for the Ambassador and CINCFE.

expressed in security treaty that Japan will increasingly assume responsibility for its own defense.

SMITH

No. 670

794C.0221/8–653: Telegram

The Ambassador in Japan (Allison) to the Embassy in Korea [1]

TOP SECRET PRIORITY TOKYO, August 6, 1953—6 p.m.

12. For the Secretary. Reference Tedul 10 to Seoul, [2] repeated Tokyo 329 from Department. At request of Chief of Staff Far East Command, Admiral Hanlon has expressed to me their unhappiness, which Embassy shares, with final sentence in Department's suggested statement. In our opinion this could give too much encouragement to irredentist activity.

Prior to receipt reference telegram Embassy had also prepared draft announcement. Admiral Hanlon and I have discussed matter with General Weyland and we have agreed on following text which combines certain parts of Department's text and Embassy draft, as follows:

"I am pleased to be able to make in Tokyo the following announcement which I have just communicated to His Excellency, the Prime Minister, on behalf of the United States Government.

"The Government of the United States desires to relinquish its rights under Article 3 of the peace treaty over the Amami Oshima group in favor of the resumption by Japan of authority over these islands as soon as necessary arrangements can be concluded with the Government of Japan.

"With respect to the other islands included under Article 3 of Japanese peace treaty, it will be necessary during the present international tensions in the Far East for the United States to maintain the degree of control and authority now exercised. The United States will thus be able to carry out more effectively its responsibilities under the security treaty between the United States and Japan to contribute to the maintenance of peace and security in the area. Meanwhile, the United States will make increased efforts to promote the welfare of the inhabitants both locally and in their relationship to Japan.

"The prospective reunion of the Amami Oshima group with Japan, reuniting its inhabitants with their homeland, is a source of gratification and pleasure to the Government of the United States".

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[1] Also sent niact to the Department as 341, which is the source text.

[2] *Supra.*

Subject to Secretary's wishes and Washington concurrence, we would propose release foregoing at 7:30 p.m. Tokyo time August 8. Yoshida will see Secretary at Embassy at 6:30 and unless he objects, which is unlikely, release will be made as soon as he is informed. This procedure will obviate risk of leak which delay till Sunday morning [3] might entail. More importantly it will eliminate possibility of Japanese effort to modify announcement in such a way as to make it appear that return of Amami group is concession obtained by Yoshida from Secretary in Tokyo.

Embassy will flash Department as soon as Secretary decides whether to proceed with announcement. I appreciate prompt action Washington this matter.

ALLISON

[3] Aug. 9.

No. 671

Conference files, lot 60 D 627, CF 160

United States Minutes of the Second Meeting Between President Rhee and the Secretary of State

SECRET [SEOUL,] August 6, 1953—10 a.m.

DRT MIN 2

Subject: Economic Assistance to the Republic of Korea.

Participants:

ROK
President Syngman Rhee
Prime Minister Paik [1]
Foreign Minister Pyun
Defense Minister Sohn [2]
Minister Kim

United States
Secretary Dulles
Secretary Stevens [3]
Ambassador Lodge, United States Representative to United Nations
Ambassador Briggs [4]
General Maxwell Taylor, Acting CINCUNC

[1] Paik Tu Chin.
[2] Admiral Sohn had received this appointment on June 30.
[3] Robert T. Stevens, Secretary of the Army.
[4] Ellis O. Briggs, Ambassador to Korea.

Assistant Secretary Robertson, FE
Assistant Secretary McCardle, Public Affairs
Mr. Arthur Dean, Consultant
Mr. Kenneth T. Young, Jr., Director, Office of Northeast Asian Affairs
Mr. Niles Bond, Counselor of Embassy

[Here follows discussion of economic assistance to Korea; for text, see the memorandum of conversation by Young, volume XV, Part 2, page 1475.]

Korean-Japanese Relations

Secretary Dulles took the opportunity afforded by President Rhee's last remark above to present in broad detail the economic, political and strategic status in Japan of the Far East and the need for President Rhee to change his thinking regarding Japan in order to take account of Japan's status and importance. The Secretary said that both Korea and the United States should look at the situation as a whole, because it is necessary to recognize that Japan must be allowed to live. If Japan goes communist, Korea will be lost. Since Japan is essentially an industrial economy without adequate resources of its own, it must live on its manufactures and manufacturing capabilities. Unless this process continues under the auspices of the United States and the free world, it will inevitably come under Soviet communism, which desires to control Japan as a workshop for war. The Secretary suggested to President Rhee that he must recognize as a problem of ROK national security the necessity for keeping the Japanese economy viable and strong. As an example, the Secretary pointed to the manufacture of locomotives which would take a long time before the ROK could establish its own factory to make. Accordingly, it was a good idea to buy them in Japan because that would make them quickly available for the needs of Korea and also give Japan business. Otherwise, Japan might become communist, for it would starve without trade with the free world.

President Rhee urged the United States to heed his plea. He said that many Japanese were now going around in the United States asking that the $200 million fund be used in Japan. He wanted that money to be used in Korea to build up Korean industries. He then pointed to a number of examples where Japan had been used for a source of supply or services which he considered altogether unfair. He said that the military authorities had distributed boxes of Japanese dried fish in Korea when Korea itself produces its own fish, which is much more desirable and edible than the fish in those boxes. He said that he had recently had to send out some 2,000 Japanese technicians and engineers who had been brought

into Korea. He mentioned the case of using Japanese technicians to repair the telephone exchange in Seoul. He had asked General Van Fleet [5] why Koreans had not been given a chance to do this repair job, to which General Van Fleet had answered that no Koreans were sufficiently trained for that work. President Rhee said that it was not fair to employ Japanese and at the same time not train the Koreans for the same job. He was gratified that General Van Fleet had fully understood and agreed with this. President Rhee also mentioned the case of the Japanese dredge for Kunzan Harbor, which General Coulter [6] had approved when he was Deputy Commander of the Eighth Army, but which President Rhee had asked to be removed from Korean waters. Therefore, he strongly suggested that the Combined Economic Board should determine what is necessary to buy from Japan and what can be done without from Japanese sources, so that the United States dollars can be used in the proper way, from the Korean point of view.

Secretary Dulles said that he appreciated President Rhee's point of view, since it was his responsibility to look out just for the ROK. It was natural for President Rhee to view Japan as a former enemy which had ruled Korea for some time. It was understandable that President Rhee, as a life-long patriot, fighting for the interests of Korea, should have such prejudices against Japan. On the other hand, the Secretary pointed out, the United States must take a broad view as the leader in the world struggle against communism. The Secretary explained the general strategic position in the Far East which required holding a position anchored in the north in Korea, which swung through the offshore island chain through Japan, Formosa, and the Philippines, to Indo-China at the other end. If that arc can be held and sufficient pressures developed against the communists, it might be possible eventually to overthrow communist control of the mainland. However, if any part of that strategic position is lost, the whole position will go under. Since the United States must be concerned with the whole position, it must give its attention to Japan in order for Japan to have a chance to live and not turn to the USSR. The Secretary asked President Rhee to recognize that the United States must have responsibility for spending its funds where it believes they will do the most good, including Japan. He pointed out that Japan now faced a trade deficit of many hundreds of millions of dollars which were made up only by the special procurement of the United States in

[5] Lt. Gen. James A. Van Fleet, Commanding General of the Eighth Army in Korea from April 1951–February 1953.

[6] Lt. Gen. John B. Coulter, ret., Director of the U.N. Korean Reconstruction Agency.

Japan. Thus, the United States alone was keeping Japan from real economic difficulties. The Secretary said that we would respect and promote President Rhee's desire to spend United States funds in Korea. However, it would not be possible to spend them entirely in Korea since we must spend some in Japan to help Japan. It is necessary to hold both Korea and Japan, since it would not be possible to maintain Korea if Japan is abandoned. There must be strong, healthy economies in both countries. Furthermore, the United States has the responsibility for backing up all the friendly nations in the Far East. We are putting over a billion dollars into Indo-China, and several hundred million into Formosa and Japan and billions into Korea. The Secretary said that President Rhee must trust the United States to expend these funds in terms of the benefit to the total welfare of all these nations together.

President Rhee asked the United States to give the ROK a chance to handle its rehabilitation itself. If the Koreans can do it in Korea, they should be allowed to. If the Koreans can not do it, President Rhee said they would then turn to Japan. But he urged the United States not to build up Japanese industry alone and to spend United States funds in other countries and not in Japan

Secretary Dulles then asked President Rhee how he would propose to keep Japan from going communist, assuming for the moment he were the President of the United States and had the responsibilities which President Eisenhower has. President Rhee replied that, first, he would request the Japanese Government to outlaw the Japanese Communist Party and, second, that the United States should tell Japan it would not help Japan if it dealt with the Soviet Union or Communist China. He said that he was opposed to having the United States give so much aid to Japan because in the course of time Japan would become the controlling economic power in Asia. He wanted United States funds to be used for the buildup of the individual economies of the other countries. The Secretary said that the only sound basis for the development of Japan and all the free countries in Asia was in multilateral trade. President Rhee replied that if Japan is built up as the producer and the other countries remain as buyers the others will become "slaves to Japan". He felt that the building up of the "Japanese empire" would give the United States a very hard time some day.

The Secretary said that President Rhee was quite wrong if he felt that the United States was aiding Japan just because it had some particular attachment for Japan. That was not the case, at all, since the United States had also fought Japan in the last war. On the contrary, the United States was helping Japan mainly to build it up as part of the whole anti-communist front.

President Rhee again referred to his complaint that during the last seven years every dollar for Korea had been spent in Japan and that people are trying to have the new funds spent there also. He explained that these people were not the high authorities but "low level" persons, who can find "a hundred different ways" to buy in Japan. He again urged that we should spend the money to build up Korea.

The Secretary said that the United States could be considered as sort of a general staff for planning for the whole Asian front against communism. The Japanese people have work to do which means they must be able to manufacture and trade. He felt that President Rhee wanted to build up industry in Korea and opposed any international trade with Japan. President Rhee said that he did not disagree with all of the general considerations that the Secretary had presented. He was just emphasizing the need to use funds for the construction of industry in Korea instead of using these funds forever to buy materials in Japan, and thus build up Japanese industry. Admiral Sohn then described in some detail the kind of industries that were needed in Korea for its livelihood and defense.

The Secretary concluded the discussion by saying that he understood President Rhee's point of view and he felt the latter understood his. President Rhee agreed.

No. 672

794C.0221/8-753: Telegram

The Ambassador in Japan (Allison) to the Embassy in Korea [1]

TOP SECRET PRIORITY TOKYO, August 7, 1953—1 p.m.

13. For the Secretary. Reference Tedul 12, [2] repeated Tokyo 332 from Department and Dulte 15, [3] repeated Tokyo 63 from Seoul.

1. Concur Department's recommendation phrase be omitted and suggest "of these islands" be substituted.

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[1] Also sent niact to the Department as 344, which is the source text.

[2] Dated Aug. 6, sent priority to Seoul, repeated priority to Tokyo; drafted by Johnson and cleared by him in substance with the Department of Defense (Nash). It reads in part: "Defense and State concur on Embassy redraft of statement except that Defense strongly feels last sentence third paragraph should omit phrase 'both locally and in their relationship to Japan' as being more susceptible of giving rise to Irredentist sentiment than last sentence contained Department draft. Department inclined agree." (794C.0221/8-653)

[3] In this telegram from Seoul, dated Aug. 6, the Secretary said: "If statement made, will emphasize importance Japan make increased security effort, as intimated by Yoshida at San Francisco conference." (794C.0221/8-653)

2. Reference Secretary's suggestion, I strongly recommend that formal statement not contain anything which would make it appear that return of islands contingent on increased Japanese defense effort. I am in favor of emphasizing privately to Yoshida importance increased security effort by Japan, but am certain any public statement to this effect by Secretary at this time would be counterproductive. [4]

ALLISON

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[4] Dulles' statement, issued in Tokyo on Aug. 8, reads as follows:

"I am pleased to be able to make in Tokyo the following announcement which I have just communicated to His Excellency, the Prime Minister, on behalf of the U.S. Government.

"The Government of the United States desires to relinquish its rights under article 3 of the peace treaty over the Amami Oshima group in favor of the resumption by Japan of authority over these islands as soon as necessary arrangements can be concluded with the Government of Japan.

"With respect to the other islands included under article 3 of the Japanese peace treaty, it will be necessary during the present international tensions in the Far East for the United States to maintain the degree of control and authority now exercised. The United States will thus be able to carry out more effectively its responsibilities under the security treaty between the United States and Japan to contribute to the maintenance of peace and security in the area. Meanwhile, the United States will make increased efforts to promote the welfare of the inhabitants of these islands." (Department of State *Bulletin*, Aug. 17, 1953, p. 208)

Dulles reported on his trip at the Cabinet meeting held Aug. 27. Only one sentence of the minutes deals with the stopover in Japan: "The Secretary also outlined his conversation with the Japanese Premier in which he urged Yoshida to accomplish a greater Japanese military effort." (Minutes drafted by Minnich, Eisenhower Library, Eisenhower papers, Whitman file) For additional information on the Secretary's conversation with Yoshida, see Young's memorandum of a conversation, Document 675, and telegram 421 from Tokyo, Document 677.

Ambassador Allison discussed the Dulles visit in John M. Allison, *Ambassador from the Prairie: Allison Wonderland* (New York), pp. 241–242.

No. 673

611.94/8-1253

The Deputy Director of the Office of Northeast Asian Affairs (McClurkin) to Robert Haydock, Jr., Counsel for Foreign and Military Affairs in the Office of the Secretary of Defense

CONFIDENTIAL [WASHINGTON,] August 12, 1953.

MY DEAR MR. HAYDOCK: In connection with proposals for the negotiation of revision of Article XVII of the Administrative Agreement (which covers criminal jurisdiction arrangements for United States forces in Japan) the question arose whether we should seek understandings with the Japanese in amplification of Article XXIII

of the Agreement (which concerns the Japanese obligation to adopt and enforce measures for the protection of United States forces).

It has now been agreed between the State and Defense Departments that no attempt should be made to take up problems arising under the security measures article of the Administrative Agreement in the course of the negotiation of revision of the criminal jurisdiction article. This decision was reached to avoid complicating that negotiation. Our plan is to complete the negotiation of the United Nations Forces Agreement immediately after we have concluded the revision of the criminal jurisdiction article of the Administrative Agreement. It is our hope to postpone consideration of subjects covered in other articles of the Administrative Agreement until after completion of the negotiation of the United Nations Forces Agreement.

I assume you will let us know if you run into difficulties in working out arrangements with the Japanese concerning security measures. If difficulties do arise we shall be glad to discuss with you what action the Department of State might take in order to assist in resolving the difficulties.

Sincerely yours,

ROBERT J.G. MCCLURKIN

No. 674

493.949/7-3153

Memorandum by the Director of the Office of Northeast Asian Affairs (Young) to the Assistant Secretary of State for Far Eastern Affairs (Robertson)

CONFIDENTIAL [WASHINGTON,] August 13, 1953.

Subject: Tokyo's Despatch No. 237, July 31, 1953: [1] Notes on Prewar and Potential Trade Between Japan and Communist China.

The following is for your information:

Embassy Tokyo believes that if Japan's controls on trade with Communist China were relaxed to the levels multilaterally agreed to for the Soviet Union, Japan's trade with the China mainland would almost certainly surpass that of Japan's European competitors. The Embassy tentatively estimates that this trade could attain a level of approximately $80 million annually in each direction. This figure is larger than Japan's 1952 trade with any other single country except Pakistan, which amounted to $82 million. Es-

[1] Not printed. (493.949/7-3153)

timates by Japanese sources of potential trade with China range from "$100 million or less" by conservative businessmen to figures as high as $250 million annually in each direction, put forth by those who "ignore the unique character of Japan's prewar commerce with China, as well as the significant changes in the Chinese economy under the communists".

The despatch points out that advocates of increased trade with China have advanced the unrealistically high figure of 25% for China's share in Japan's overall prewar trade, adding that Prime Minister Yoshida has recently used the unrealistically low figure of 4.6% for 1934–36 in an effort to minimize the potential importance of future commercial relations with Communist China. The despatch concludes, on the basis of careful examination of the data, that the Chinese mainland's share of Japan's total trade, was about 12.5% by value during the 1934–36 period. (In 1952 less than 0.05 percent of Japan's total export trade was with the China mainland and less than one percent of Japan's imports came from the China mainland.)

With regard to the discrepancy between Yoshida's cautious statements on China trade and the outright advocacy expressed by Okano, Minister of International Trade and Industry, the Embassy believes it reasonable to assume that Okano speaks with Yoshida's consent and that Okano "has been encouraged to voice his opinions, some of which are highly unrealistic, in order that foreign reaction may be assessed, domestic pressures given a voice, and the groundwork laid for future moves toward the relaxation of controls". The Embassy anticipates early and determined efforts by the Japanese Government to bring about at least a relaxation of its present controls over trade with Communist China. [2]

The Embassy comments on several factors other than security export controls which are likely to hamper the development of trade between Japan and Communist China: (1) loss of the preferred position that Japan enjoyed in China during the 1930's; (2) progress toward industrialization in China, with resulting decrease in demand for consumer goods which constituted the bulk of Japan's exports to China; (3) limited availability of raw materials for export from China to Japan; and (4) the restrictions and complexities inherent in the current system of barter trade.

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[2] In telegram 437 from Tokyo, Aug. 17, the Embassy reported that the Japanese Government had on Aug. 12 proposed that 20 items be immediately deleted from the embargo list, if the United States concurred, and had simultaneously submitted a list of 80 additional items for ultimate deletion, also with U.S. concurrence. (493.949/8–1753) No formal request by Japan for an end of the bilateral agreement of Sept. 5, 1952, was reported in telegram 437.

No. 675

Secretary's Memoranda of Conversation, lot 64 D 199

Memorandum of Conversation, by the Director of the Office of Northeast Asian Affairs (Young)

SECRET [WASHINGTON,] August 13, 1953.

Subject: Various Matters Relating to Japan.

Participants: The Secretary
Ambassador Eikichi Araki, Embassy of Japan
Mr. Torao Ushiroku, First Secretary, Embassy of Japan
Mr. Kenneth T. Young, Jr., Director, Office of Northeast Asian Affairs

Ambassador Araki took up the following matters during his appointment with the Secretary at 4 o'clock today.

1. *United States Statement on Amami Oshima.* Ambassador Araki expressed the appreciation of his government and his own for the statement which the Secretary made in Tokyo on August 8 regarding the relinquishing of control to Japan over the Amami Island group. He informed the Secretary that Foreign Minister Okazaki had called on the Emperor on Tuesday, August 11, and that the Emperor had expressed his appreciation for this act by the United States and had sent his very best respects to the President and the Secretary.

The Ambassador then handed the Secretary a personal note of appreciation from Foreign Minister Okazaki.[1] The Secretary expressed his thanks for the gracious remarks of the Ambassador and said that the United States decision to relinquish control over the Amami Island group was the right one, since the islands have little strategic value and since the United States as a matter of policy does not wish to retain control over alien peoples any longer than necessary.

The Ambassador raised two questions regarding this matter. He said that his government desired clarification of exactly what islands were to be included in the change of status. With the aid of a map, the Ambassador inquired specifically of Okino Erabu and Yoron Island. He said that it was the view of his government that the delineation between the Amami group and the Okinawa group was just south of Yoron Islands. The Secretary replied that his public announcement had been made before all of the detailed arrangements on the relinquishment of control had been completed

[1] Not found in Department of State files.

within the United States Government. Mr. Young explained that the United States would probably use the general formula that the islands which had formerly been part of the Kago Shima prefecture would be relinquished, while the islands that formerly had been part of Okinawa prefecture would not. He also informed the Ambassador that the United States Government was carefully analyzing the exact islands which would fall into these two groups and that this was a matter that would be taken up in the discussions and negotiations with the Japanese Government. In reply to the Secretary's question, Mr. Young indicated that the Departments of State and Defense would probably complete their work on the necessary arrangements within the next few weeks.

In the second place, the Ambassador expressed the strong hope of his government that the action regarding Amami Oshima would lead to similar action regarding Okinawa and the Bonins "at an auspicious occasion". The Secretary then cautioned the Ambassador, and through him, his government, not to press immediately for the return of control over Okinawa and the Bonins because that would confirm the very suspicions of those who had argued against even the relinquishment of control over the Amami group. The Secretary also said that it would be impossible for the United States to relinquish control over such strategic islands as the Okinawa and Bonins as long as the government and people of Japan showed such little interest and were making such small efforts in the security of the area. It would not be right for the United States to let these islands fall into a "vacuum of power" at the present time.

The Secretary said that he was very disappointed over the lack of effort and interest in Japan to develop its own defense or to contribute to the security of the area. He felt that the Japanese were content to let the United States bear the burden for Japan's protection. He was also disappointed that there had been no revival in Japan of the spirit of sacrifice and discipline required to meet the conditions of the world as we all face them. Japan once had shown great national spirit, which he had expected to reassert itself following the war. The Secretary said he had discussed this whole question with Prime Minister Yoshida, who had given him several explanations which were quite unsatisfactory. One explanation was to the effect that increased defense measures were unpopular in the Diet. The Secretary said that no government could expect to establish a position of prestige and respect if it allowed considerations of popularity to determine its national policy. The United States Government has to request legislation from the Congress which is sometimes unpopular, including funds for defending Japan. The Congress might like to eliminate the cost of maintain-

ing several divisions in Japan in order to economize. For his part, the Ambassador explained the Japanese slowness to develop self-defense forces by pointing out the antipathy of the younger and older people in Japan, resulting from the effects of the war, and the concern of the Prime Minister over Japan's economic capacity to support increased defense measures.

2. *Economic Matters.* In this connection the Secretary said he was aware of the Prime Minister's concern but felt that, on the other hand, the Japanese Government was not making the most of its dollar resources to strengthen its economy for meeting defense needs. The Secretary said that he had had a discussion with Governor Ichimada, who had left with him a memorandum on Japan's economic problems.[2] The Secretary believed that Japan was squandering its dollars on luxuries at a time when it could ill afford to waste the benefits derived from special procurement. He suggested that the Japanese Government should limit the imports of luxuries in order to channel its dollars into essential uses. The Ambassador conceded that he had no explanation for this matter.

3. *War Criminals.* The Ambassador asked the Secretary to give this question his personal attention because of its political importance to the Government and the people of Japan. The Ambassador pointed out that the United States had paroled only about 20 per cent of the Class B and C war criminals, whereas the Philippines and China had released all of this class of war criminals whom they respectively had held, which had made a wonderful impression in Japan. The Ambassador urged that the United States Government release (as soon as possible) the prisoners it had tried and convicted in order to eliminate one of the unfortunate aftermaths of the war. He said that the Japanese people wished to rid themselves of this matter because it was inconsistent with the "new Japan". The Secretary stated that he had not been informed as to the details of this problem. Mr. Young explained the workings of the President's Board of Clemency and Parole and said that the United States Government was processing the applications for clemency and parole just as fast as possible. He also said that, while the United States Government fully realized the political implications for Japan in this matter, it was advisable in terms of American public opinion to deal with each case carefully so as to avoid creating any incident in the United States which might be unfavorable for Japan. The Ambassador also requested prompt action on the release of the "three old men" in Sugamo Prison. Mr. Young said that the United States Government was now discussing

[2] Not found in Department of State files.

the question of Class A war criminals with other interested governments so as to reach a decision promptly.

No. 676

611.94/8-1253

Memorandum by the Deputy Assistant Secretary of State for Far Eastern Affairs (Johnson) to the Under Secretary of State

CONFIDENTIAL [WASHINGTON,] August 14, 1953.

Subject: Request for authorization to negotiate an agreement with Japan on criminal jurisdiction over United States forces.

Discussion:

In a telegram of August 12 (Tab A) [1] Ambassador Allison has reported that he hopes to be ready on August 17 to proceed with the negotiation of an agreement with Japan revising criminal jurisdiction arrangements for United States forces in Japan. The agreement would be an executive agreement, in the form of a protocol to the Administrative Agreement between the United States and Japan. It would substitute a new article for the existing article on criminal jurisdiction.

The purpose of the negotiation is to carry out an obligation which the United States assumed under the Administrative Agreement. The obligation is to conclude an agreement with Japan on criminal jurisdiction similar to the corresponding provisions of the NATO Status of Forces Agreement immediately upon the coming into force of the NATO agreement. The NATO agreement will come into force on August 23, 1953. Excerpts from the record of Senate consideration of the NATO agreement show that members of the Senate recognized that ratification of the NATO agreement would oblige the United States to revise criminal jurisdiction arrangements for its forces in Japan (Tab B). [2]

One of the provisions of the NATO agreement is that a sending or receiving state may waive its primary right to exercise jurisdiction in particular cases either on its own initiative or in response to a request for waiver by the other state. We are requesting our Ambassador to work out as authoritative and extensive an arrangement for the waiver of jurisdiction by Japan as is possible without bearing unfavorably on United States-Japanese relations. Attached as Tab C is a copy of the instruction to our Embassy in Tokyo on

[1] Telegram 391 from Tokyo, not printed. (611.94/8-1253)

[2] Excerpts not printed.

the terms to be proposed to the Japanese. [3] The instruction is a joint State–Defense instruction.

Recommendation:

It is recommended that you approve the negotiation of an agreement with Japan on criminal jurisdiction similar to the corresponding provisions of the NATO agreement. [4]

[3] Draft instruction not printed.

[4] The Under Secretary's initials appear next to the typed word "Approve" in the margin.

No. 677

611.94/4-1453: Telegram

The Ambassador in Japan (Allison) to the Department of State

SECRET PRIORITY TOKYO, August 14, 1953—7 p.m.

421. For Robertson, FE. I am somewhat surprised and disappointed that Secretary's answers to questionnaire by Murayama of *Asahi,* which I assume were drafted by FE, were not cleared with Embassy prior to release. This is particularly true in view of the lukewarm if not hostile attitude toward America constantly displayed by *Asahi.* These answers are published today in Japanese press under headline "Dulles reiterates hopes Japan will boost defense". While actual answers to questions from American point of view and from normal point of view, are unexceptionable, nevertheless continued reiteration publicly at this time of American desire for Japanese rearmament will not have good effect in Japan. This is particularly true coming so soon after Reston article which exposed fact that Secretary had taken stiff position with Yoshida regarding rearmament. [1] Political situation in Japan is so delicate that in my opinion there should be no public statements by American officials regarding desires for rearmament no matter how carefully phrased. I intend as do all other officers of Embassy to reiterate privately to all appropriate Japanese officials our concern over slowness in Japanese rearmament. However, any public statement by United States officials is only taken as interference and is used by opposition and by Communists as stick with which to beat government. I am convinced that steady, quiet pressure on Japanese Government will bring desired result, that constant public pressure will only result in putting up backs of Japanese Government and

[1] *New York Times,* August 10, 1953, p. 1.

requiring them in public to take even more negative attitude than at present.

It should also be pointed out that with respect to United States statement of April 13 [*15*] [2] on continuation of procurement in Japan which is mentioned in question and answer series, Japanese have interpreted this as commitment on part of United States Government. This statement has also been interpreted by opposition as being designed to help Yoshida's party in last election and resentment at its publication is, in some quarters, said to have been largely responsible for Liberal Party not obtaining Diet majority.

Japanese are particularly sensitive to question of collective security and implication that any participation in collective security arrangements will require use of Japanese troops abroad. While I am convinced that if necessity arose Japanese troops would probably be made available for common good, I believe that any prior public discussion only increases difficulty of achieving this end.

In connection with such public statements it is important to bear in mind that up to the present United States Government has not taken Japanese Government into its confidence with regard to United States plans and desires in the Pacific area and that until such time as United States is willing to sit down and talk with Japanese at least as frankly and in as much detail as we have already with Philippines and Korea, Japanese Government will be reluctant to act merely on United States demand without knowing reasons therefore.

ALLISON

[2] See footnote 3, Document 644.

No. 678

694.95B/8-2053

Memorandum by the Deputy Assistant Secretary of State for Far Eastern Affairs (Johnson) to the Acting Secretary of State

SECRET [WASHINGTON,] August 20, 1953.

Subject: Suspension of the Sea Defense Zone Around Korea

Discussion:

President Rhee in February 1952 unilaterally declared large areas of the high seas surrounding Korea to be Korean territorial waters for the purpose of excluding Japanese and other foreign fishermen from those waters. The validity of this "Rhee Line" was never recognized by any foreign nation. In 1952 a number of armed

clashes occurred in this area between Korean vessels and Japanese fishing boats. Under the guise of protecting the Korean coasts and our lines of communication against hostile activity, but in reality principally to avoid further Korean-Japanese incidents during the Korean hostilities, CINCUNC on September 27, 1952 established the Sea Defense Zone, which included substantial high seas areas bordering on the ROK. (Tab A). [1] Now that there is an armistice, there is no real military justification for a continuance of the Zone, and General Clark favors its removal.

Immediately after the armistice the Japanese Government made a formal request for its removal. [2] The fishing industry has great political influence in Japan, and the Japanese Government has been under increasing domestic political pressure on this subject. The ROK will resent any lifting of the Zone, but may object less if it is suspended rather than abolished.

While the Japanese and Koreans have conducted sporadic discussions in an effort to solve mutual problems, including fisheries, these discussions have not been broken off. We have consistently refused to be drawn into the negotiations. Continuance of the Zone would clearly appear to be a device to keep the Koreans and Japanese from clashing over fisheries. Thus we would, in effect, be intervening in the dispute and lending implied support to the principle of the Rhee Line. The longer we delay in suspending the Zone the more involved we become.

Even at the risk of further incidents it is the belief of FE that the operation of the Zone ought now to be suspended. It seems better to do it now. Prompt action will help us in Japan, and the Korean annoyance may be somewhat tempered by the time the political conference starts. The Embassy at Tokyo favors abolition of the Zone. The Embassy at Pusan believes that if the status of the Zone is to be modified, it should be suspended rather than abolished. [3]

Recommendation:

That you sign the attached telegram to Tokyo and Seoul. [4]

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[1] See footnote 2, Document 603.

[2] On July 29.

[3] In telegram 138 from Seoul, Aug. 11, the Embassy supported this position as follows: "Since any action to abolish sea defense zone can be expected arouse very strong opposition on part President Rhee, it is urged that if such action regarded as necessary from viewpoint our relations with Japan or for other reasons it be taken as inconspicuously as possible and preferably in form of 'suspension' rather than 'abolition'. Latter formula would in any event appear more consistent with fact that armistice represents merely suspension rather than definitive termination of hostilities." (Attached to the source text)

[4] Not found attached; sent as telegram 452 to Tokyo, repeated to Seoul as 133, Aug. 21. (694.95B/7-3053) Telegram drafted in NA on Aug. 18, cleared with FE, L/

Continued

No. 679

493.949/8–2753

Memorandum by the Deputy Assistant Secretary of State for Far Eastern Affairs (Johnson) to the Secretary of State

SECRET [WASHINGTON,] August 27, 1953.

Subject: Japan's Trade with Communist China

Discussion:

Attached for your consideration is a proposed telegram [1] on this subject to Embassy Tokyo.

The telegram instructs our Embassy on the reply which it should make to the Japanese Government's request that it be released from the terms of the 1952 bilateral agreement on export controls and be permitted to relax its controls over trade with Communist China to the level agreed multilaterally. [2] The Japanese are bound under the agreement to embargo over 400 items in addition to those agreed to be strategic by the Paris Committee.

After learning of the President's views on the subject transmitted to you in Denver, [3] Department officers drafted and attempted to clear with the other agencies concerned a telegram that was considered to be more responsive to your instructions than the attached answer. That telegram, in substance, would have informed the Japanese that the United States was now willing to have the bilateral agreement lapse by stages. Defense and Commerce, however, were not prepared to have the United States at this time commit itself to eventual elimination of the bilateral agreement.

FE, and U/FW, and approved for transmission by the Acting Secretary. In it, the Department agreed to suspension of the zone and made various suggestions concerning timing and coordination.

CINCFE issued orders suspending the zone on Aug. 25. (Telegram 517 from Tokyo, Aug. 26, 694.95B/8–2653) This action was announced on Aug. 27 in Tokyo. (Telegram 529 from Tokyo, Aug. 27, 694.95B/8–2753)

[1] Not found attached. Apparently identical to telegram 523 to Tokyo, Document 681.

[2] See footnote 2, Document 674.

[3] Dulles' memorandum of his conversation held in Denver on Aug. 10 with the President, Robertson, and Ambassador Lodge reads in part:

"I reported on the unsatisfactory condition in Japan as regards their own security efforts and their economic extravagance in terms of imports. I said that I very strongly emphasized this in the same talk with Prime Minister Yoshida when I had advised him of the prospective return of the Amami Island group.

"The President expressed very strongly the view that we should encourage a liberalization of trade between Japan and China in terms of non-strategic goods. He felt that trade could be a weapon on our side and that such trade was indispensable to the livelihood of Japan.

"There then ensued a discussion of general character with reference to US trade policies." (Attached to note from O'Connor to Waugh, 493.9431/8–1153)

They base their position on the recent NSC policy directive (NSC 152/2) [4] which states that we should "continue intensified efforts to persuade our allies to refrain from relaxing their controls on trade with Communist China." The attached telegram says, in effect, that the United States is willing to see some readjustments made in the items covered by the bilateral agreement but these adjustments would by no means result in a liberalization of Japanese controls to the multilateral level. It represents the best compromise obtainable without a Cabinet-level review of the question.

Recommendation:

It is recommended that you sign the attached telegram if you consider that it reasonably meets your wishes and those of the President. If not, it is suggested that you raise the issue at the Cabinet level. There are alternative approaches to that contained in the telegram which would come closer to the Japanese objective of dropping back to the multilaterally agreed level of controls. These would be: (a) to drop all items from the bilateral agreement which are not on U.S. security lists; (b) or to drop the entire bilateral agreement.

Concurrences:

E concurs in this memorandum.

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[4] For text of NSC 152/2, "Economic Defense", July 31, 1953, see vol. I, Part 2, p. 1009.

No. 680

033.9411/8–2853: Telegram

The Ambassador in Japan (Allison) to the Department of State

CONFIDENTIAL TOKYO, August 28, 1953—6 p.m.

548. Following preliminary information on visit to US of Hayato Ikeda. Embassy comments will follow.

Ikeda plans enplane Tokyo for Washington, September 15, accompanied by Kiichi Aichi, Parliamentary Vice Minister of Finance, and Kiichi Miyazawa, member of House of Councillors and former private secretary and interpreter for Ikeda. [Gengo] Suzuki, Financial Commissioner, who will arrive Washington, September 6, accompanying Ogasawara, Minister of Finance, will join Ikeda party in Washington. Ikeda, under direct instruction from Prime Minister Yoshida, proposes discuss at high-levels five major problems:

(1) Increasing Japan's defense forces and American assistance,
(2) Trade with Southeast Asia and reparation,
(3) Trade with Communist China,
(4) GARIOA settlements, and
(5) Foreign investment, principally loans. Ikeda hopes achieve definite understandings paving the way for Yoshida visit in October. Plans stay in Washington minimum ten days with longer term if Yoshida visit materializes. [1]

ALLISON

[1] In telegram 607 from Tokyo, Sept. 4, the Embassy stated in part: "Ikeda will visit Washington as personal emissary Prime Minister Yoshida and would expect to see Secretary Dulles, Secretary Humphrey and Budget Director Dodge." (033.9411/9–453)

In telegram 570 to Tokyo, Sept. 8, the Department asked the Embassy to inform the Prime Minister that it would be agreeable to receive Ikeda for talks commencing Sept. 21 and that Robertson would be the principal U.S. negotiator. "You may in discretion inform Japanese US will desire discuss Japanese measures improve payments position, promote exports, channel investment, preserve value currency, etc." (033.9411/9–453)

No. 681

493.949/8–1753: Telegram

The Secretary of State to the Embassy in Japan [1]

SECRET WASHINGTON, August 28, 1953—8:24 p.m.

523. Excon. Reference: Tokyo's 437. [2] Recent re-examination US economic defense policy vis-à-vis Communist China [3] led to decision to maintain present level US controls and to continue intensified efforts persuade our allies refrain from relaxing their controls. In light Japanese representations concerning necessity resume non-strategic exports to Communist China and concerning relationship Japanese trade with China to general Japanese political-economic situation, decision reached here that readjustment items possible in US-Japanese bilateral agreement of 1952.

Accordingly Embassy should inform Japanese Government that as result foregoing considerations and review undertaken by US in connection US-Jap bilateral, we believe we can accept some of new proposals made by Japs and in addition suggest other items for lib-

[1] Repeated to Paris, London, and Hong Kong; drafted in the Office of Northeast Asian Affairs, the Economic Defense Staff, and the Department of Commerce; cleared in the Office of Chinese Affairs, the Foreign Operations Administration, the Department of Defense, and the Treasury Department. Dulles' name is typed in the approval line, but is not initialed.

[2] See footnote 2, Document 674.

[3] Reference is to the adoption of NSC 152/2. For text, see vol. I, Part 2, p. 1009.

eralized treatment or deletion from embargo lists. This should go far toward meeting needs of Jap Government caused by internal Jap political and economic situation.

Specifically US prepared do following:

1. Make immediate review Jap list 20 items.
2. Give priority to review additional 80 items suggested by Japs.
3. On basis review already underway, all items on list of 400 found to be non-strategic will be communicated promptly to Japs even though item not submitted for review by Japs.
4. If Japs consider any items on US security lists but not accepted by CHINCOM are non-strategic, US willing undertake reexamination.
5. Support Jap recommendation to CHINCOM or other governments as appropriate to include on China Embargo list adequately documented strategic items. US of course will seek multilateral embargo in CHINCOM over any remaining strategic items respecting which it is possible to present strong documentation.

In view statements already made by Japanese Government officials re "negotiations with US re relaxation controls," we realize difficult avoid impression relaxation dependent on US consent. Also realize Japanese public would react favorably to indication US willingness cooperate Japanese needs re Communist China trade. In view risk misinterpretation in other countries of US attitude, however, essential minimize impression US involved in Japanese Government decision or that Japanese trade controls being drastically altered or abandoned. Embassy should ask Japanese Government refrain from statements re US-Japanese negotiations.

DULLES

No. 682

611.94/9-353

The Ambassador in Japan (Allison) to the Department of State [1]

SECRET
EYES ONLY FOR THE SECRETARY

TOKYO, September 3, 1953.

No. 460

Ref: Department's Circular Telegram No. 113, August 28, 1953. [2]

Subject: American Leadership and Japan.

1. Three facts are basic to any consideration of the present state of Japanese confidence in American purpose and leadership.

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[1] Drafted by Allison.

[2] In this circular telegram the Department inquired concerning foreign opinion of the U.S. Government and its objectives. (611.00/8-2853)

a. First, the moderate conservatives who have governed Japan since 1946 and who are almost certain to continue to hold power here for the workable future welcomed the new Administration with a faith that was perhaps unmatched within the Free World. In few countries were the dominating forces so anxious for a change in the directions of American policy. Many of them regarded the Communist capture of China as the central fact of the mid-Century and could discern in the older American policy no theory of events capable of dealing with the magnitude of this revolution. And despite certain misgivings about the isolationist and belligerent fringes of the Republican Party, they felt the greater Republican interest in the Far East augured a more balanced world strategy and greater promise of an early end to the Korean War. At home, they had been appalled by the Occupation's legalization of the Japanese Communist Party; by its encouragement of leftist elements in labor and politics; by its successive Purges which sapped conservative sources of strength; by what they regarded as overzealous experimentation in social reform; by the thoroughness with which the traditional political and economic tendons of Japanese society were severed. They were grateful for the leniency and generosity of the Occupation, for American insistence on exclusivity of Occupation command, and for the American conceptions which underlay the Treaty of Peace. But, the Japanese people, by the fall of 1952, agreed that it was time for a change in the United States.

b. The second basic fact is the tremendous post-war dependence by Japan on the United States in a relationship all the more remarkable since it developed without a basic tradition of association to cushion the rubs and rasps of close cooperation. To a degree not generally appreciated in the United States, Japan has put its eggs in the American basket. Their pathological fear of war and their obsessive preoccupation with the blunt problem of how Japan is to live makes every American action, or lack of action the object of immediate attention and minute scrutiny.

c. The third basic fact is the almost complete reversal we have been compelled to make in our prescriptions for Japanese policy since the end of the war. Few Americans are conscious of the extent of the change, but all Japanese know of the MacArthurian planning which dissolved their military, destroyed their munitions industry, sponsored their Peace Constitution, and instilled neutralism and pacifism as models for their conduct. Today our planning and their security rests on their abandonment of our earlier preachments. This has left many Japanese with the feeling that the arcs of our policy fluctuate too widely, that our responsibility for their defense rests not only on treaty arrangements but on the miscalculations of our earlier formula, and that we ourselves created most of our own current difficulties in Japan.

2. Thus, the Japanese received the new Administration with great enthusiasm and very considerable confidence, and there has been in Japan a lesser diminution of faith in our leadership than has been reported from other countries.

3. This does not mean that confusion and misinterpretations do not exist or that there has not been an impairment of the hopes

that existed last January. The contrary is true; if it is of lesser degree in Japan than elsewhere nevertheless it is serious enough to give us concern. It is my judgment, however, that the doubts and misgivings do not yet affect the person of the President, the respect in which he as an individual is held, or the central purposes of his Administration.

4. If, for Japan, I were to isolate a single cause for the uneasiness and anxiety we sense here I would say that it is not our capacity to deal militarily with our enemies that is being called into question but our ability to treat with our friends and allies, at home and abroad.

5. For the Far East, there is no doubt of the Administration's desire for peace, but the Japanese are increasingly questioning our ability and determination to control our Asian allies. There is little confidence of either a peaceful retirement or a peaceful victory by Dr. Rhee. They regard the Chinese Nationalist Government aloofly and Chiang himself as a man who has lost both country and future. What they fear most however is that the United States may have ceded to both Dr. Rhee and the Generalissimo the power seriously to embarrass objectives or even to involve, by unilateral actions, the United States in war. If war should be forced on the United States in Asia, the Japanese know that so inextricably are they bound to us that they could not escape involvement.

6. In the United States they sense there may be the same indulgence of Administration allies. They fear a reversion to economic protectionism, or a failure to take those measures which will forestall a recession should there be a Korean settlement and a period of less turbulent peace. They wonder whether our insistence that they maintain China trade controls at a higher level than is enforced by any European nation is not designed more for its effects on the American political situation than on the Korean War. They were alarmed by the decision to postpone for one year trade agreement negotiations and fear that a more liberal trade policy may be sacrificed for the needs of party harmony. If protectionism or recession should befall the American economy, the Japanese know that Japan could not escape its effects.

7. In the United States also, inability to control our domestic allies raises the question in Japanese minds as to who is the Voice of the Administration. When the President or the Secretary speaks, the Japanese sense the authenticity and responsibility of their words, but their statements of policy are by definition infrequent. The press and the radio carry other pronouncements by officials whose status and importance are often not easy for the Japanese to appraise and who are not always answered by members of the President's team. Often an absence of rebuttal appears to imply a

degree of assent. From this standpoint, the phenomenon called "McCarthyism" has had an appallingly adverse effect in Japan, not only because it exists but also because the Administration has seemed to them reluctant to challenge it. The reaction of intellectuals and students who claim to see in "McCarthyism" the repudiation or the hypocrisy of the democratic standards preached during the Occupation is well known. More important, however, is the effect on the permanent civil service here. In Japan government policy and attitudes are made, influenced, and carried by the career bureaucracy, and there has been bewilderment and estrangement over what by them is considered the sacrifice of nonpolitical civil experts to partisan political considerations.

8. There is a further dimension to the problem of Japanese confidence in American leadership. This involves the deep-rooted hope that a new examination of Japan's place and needs would be made by the new Administration. In the foreign field, this would mean a recognition of Japan's place in any Far Eastern settlements, more equal and more open exchanges on the problems of mutual concern, closer cooperation in Southeast Asia and the Pacific. The Japanese are not unaware that for Europe we have developed a network of close relationships with the British and the French, and even with the Germans, that involve continuous consultations, integrated planning, and joint civil and military staffs. They hoped that the Administration would desire something of the sort for Japan. Inside Japan, they expected that a newer American approach would mean a reappraisal of the needs of the Security Forces, a tailoring of those needs to Japanese availabilities in land and facilities, a tempering of short-run military desirables to the longer aspects of an enduring United States–Japan relationship. These hopes have not yet been realized.

9. Most of the factors which this analysis prompts me to suggest as useful for American policy in the months ahead seem to me of general applicability. All of them will have salutary effect in Japan.

10. Most important, I think, is the continuous affirmation of American purpose and constancy and strength and quiet confidence, such as the President made in his April 16 speech. [3] Only the President can project these qualities as the image of America.

11. The basic theme we should exploit and with which we should be inseparably identified is the prevention of war, not the winning

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[3] "The Chance for Peace", delivered before the American Society of Newspaper Editors in Washington. For text, see *Public Papers of the Presidents of the United States: Dwight D. Eisenhower, 1953* (Washington, Government Printing Office, 1960), pp. 179–188.

of war. A policy to deter war, inspired by American leadership and enlisting the best efforts of the Free World, might well prove the best policy for preparedness for war if preventive attempts should fail.

12. Within this theme we should strive for crisper definitions of positive goals for Free World endeavor. Containment and anti-Communism are not enough. Rearmament should never appear as an end in itself.

13. In the Far East generally, we must recognize the telescoped evolution our policies have had to follow. We are concentrating here on Military assistance programs, and the emphasis is correct in view of the immediacy of the military threat. We have nonetheless foregone the benefits of preparatory stages of economic and political arrangements, such as OEEC, EPU, the Brussels Pact, NATO, and the several arms of the European Community. There, moreover our efforts were assisted by European leaders who moved within a European context and were capable of developing their self-help potentials. In the Far East, there have been no such leaders since the war. The area has become tightly compartmentalized. And our own assistance programs have been unrelated, too exclusively national, and too largely particularized in terms of separate problems or specific emergencies: a wheat grant here, a development loan there, a Point IV program in a third country, and special procurement in a fourth. Over the coming months we should consider whether we can make the attempt in the East that we made in Europe some years ago: a proposal for American aid to supplement the deficiencies of self-help in the development of wider trading areas and multilateral economic and political institutions. The resources we will have available for the task will be smaller but the area's capacities for absorption of aid are infinitely less and the techniques and practices of modern separatism are not set so deeply. Such a proposal might capture the imagination of the East and break through the log jam which threatens the existence of each of the new states.

14. The most important single problem in the Far East is the problem of China. No acceptable formula has yet been evolved in any interested quarter. Neither the ideas of Peking or of Taipei—or of New Delhi or of London—offer much present promise. Tokyo with visible reluctance followed the American lead in maintaining its relations with the Nationalist Government, although it was originally inclined to the British approach and still basically holds to theories of the durability of the Communist capture of China and of the possibility of facilitating the alienation of Peking from Moscow. Recently the Japanese have seemed increasingly disposed

to a theory of "Two Chinas". There may in the future be something workable in this.

15. For Japan itself, much remains to be done. We should seek the removal of the last of the Occupation residues. We should aim for an inverse ratio of personnel to policy: the number of official Americans, both civil and military, in Japan should decrease while the ties of long-range collaboration and interdependence increase. There have been times since the end of the Occupation when the reverse has seemed to be occurring. We should ask those Americans who remain, or who visit here briefly, to refrain from public tutorials; we will maintain quiet and persistent pressure for our objectives behind the scenes. We should seek to restore our reputation for non-intervention in Japanese domestic affairs. We do not practice party politics abroad, and in Japan where the hold on power of friendly, moderate conservatives is not likely to be broken there should be no exception to our practice. We should seek to develop with Japan closer coordination, franker exchanges, and fuller participation in Far Eastern planning. If we do not arrange for consultation with the Japanese on the basic range of Far Eastern problems, we shall convince them either that we have condemned them to a second-class associate or that we have nothing much to offer in the way of ideas. We should remember that the Japanese have historically responded to a policy of confidence, trust, and equality of treatment; while they have historically revolted against mistrust or the appearance of a Western concert indifferent or disdainful of their interests. A bedrock of confidence in cooperation with the United States and of identification of Japanese policy with the future of the Free World exists today in Japan. We have only to sweep away a rubble of uncertainty.

JOHN M. ALLISON

No. 683

Editorial Note

In the course of the Secretary's press conference held on September 3, the following exchange occurred:

"Q. Mr. Secretary, can you give us some comment on the Japanese defense program?

"A. Comment on the Japanese defense program?

"Q. Yes.

"A. I would say that it is the hope of the United States that the Japanese Government will take more vigorous measures than they have yet taken to provide for their own internal security. We feel that too much of a burden is being thrown in that respect upon the

United States and that Japan, with its population of 85 million, could make a greater contribution toward its own security than it is now doing. We realize the difficulty and complexity of the problem, the difficult economic position that Japan is in. I would say in that respect that the difficult economic position has not led the Japanese to adopt a very severe austerity program. They seem to find money to spend in other ways which perhaps are not as essential as security, and to throw upon the United States a greater burden in that respect. I do not think we should be expected to carry that burden indefinitely. I think these matters are being worked out, will be worked out, because I think that the Japanese people surely want to feel that they are carrying their fair share of responsibility for their own security. There is no proposal or desire to have the Japanese create a great army. Such a thing is not permissible under the Constitution, but from the standpoint of having a sufficient force there to preserve internal security against possible inroads and action of a subversive character, I believe that there is need of a somewhat greater Japanese security force than now exists." (Department of State, News Division, "News Conferences of the Secretary: Verbatim Reports", volume XXIV, 1953–1955, under date)

For another extract of this record, see footnote 3, *infra*.

No. 684

033.9411/9-753: Telegram

The Ambassador in Japan (Allison) to the Department of State [1]

SECRET TOKYO, September 7, 1953—3 p.m.

614. Reference Embassy telegram 607, September 4. [2]

1. I think Yoshida is sending Ikeda, the ablest and most trusted of his associates to Washington to see whether, in spite of constant advice to contrary from Embassy here and Japanese Embassy in Washington, the climate may not be right for FOA economic assistance and large loans to stabilize the Japanese political and economic situation. (The press has carried inspired stories about a billion dollar "political loan"). As secondary matters, Ikeda will probably urge either postponement or a very favorable GARIOA settlement; relaxation of China trade controls; relaxation of United States pressure for higher force goals; special United States assistance to develop Japanese-Southeast Asian trade; and the exertion of

[1] In telegram 615 from Tokyo, also dated Sept. 7, marked "For the Secretary", Allison stated: "I want to call your attention to Embassy telegram 614 which should also be urgently considered by Humphrey, Wilson, Dodge and Stassen." Marginalia indicate copies were forwarded to Humphrey, Dodge, and Stassen, and that eight copies were delivered to the Department of Defense. (033.9411/9-753)

[2] Not printed.

United States influence in claimant countries to reduce their reparation demands. About the only specific thing we think he will offer on Japanese side is an increase in ground forces of 20,000 to 40,000 during year beginning April 1954, and an increase in the defense budget of some 20 billion yen, and he will regard this as substantial concession to United States demands. He will talk of Japan's mounting economic difficulties and will not hesitate to admit shortcomings in Japanese financial and economic policies. He will probably indicate that plans are being formulated behind the scenes to correct these. For example, Finance Minister Ogasawara told me the government was considering some form of credit controls. Ikeda will also probably tell about current efforts to form a Conservative coalition in order give Japan a stronger government to carry out these reforms.

2. Yoshida hopes Ikeda will receive enough encouragement in Washington along the lines of his proposals to report back that Yoshida can undertake his visit with every hope of success. Yoshida would then go to Washington in the expectation of concessions which would put him in a better position to dominate any possible coalition, or to govern without it if a coalition should fail to materialize.

3. We are sure Ikeda will argue his case with skill and prizes he will hold out—i.e., increased ground forces and greater political and economic stability—will sound tempting. Because I know the Department has no present intention of making concessions along these lines the Ikeda visit may serve no constructive purpose, might cause Yoshida to postpone his visit and possibly precipitate mutual recriminations that will impose most serious strains on our relations.

4. There are, however, constructive possibilities in the Ikeda visit if we are well prepared for it and know what we want it to achieve. With this in mind I think our main emphasis should be on driving home in unmistakable terms our alarm over the drifting character of Japanese Government's financial and economic policies.

5. In recent months there has been a consumption boom in domestic market; at same time evidence is accumulating of serious deterioration underneath surface of this prosperity. Inflationary pressures are accelerating by reason of past shortcomings in governmental policy, i.e., tax reduction, deficit financing, bank loans in excess of deposits, easy credit facilities, non-essential investment, too high a proportion of increased production going into domestic consumption, etc.

6. In this situation the latest Embassy estimate of special dollar earnings for the fiscal year ending June 30, 1954 shows they may reach between 1 and 1.3 billion dollars compared with 816 million

last year. Given prudent economic and financial policies these special dollar earnings could be of the greatest long-term benefit to Japan and could help prepare her for the time when this windfall declines. But there is no evidence of any disposition by this government to be prudent. In the absence of wise policies these higher special dollar earnings are only adding to the inflationary pressures and maintaining an unhealthy domestic boom. Japanese exports, already handicapped by high prices, will encounter still greater difficulties and the already strong inducement of producers to sell in the soft domestic market rather than seek markets abroad will be encouraged. We therefore, anticipate a further increase in Japan's foreign trade deficit.

7. Thus the rising special dollar earnings which could greatly strengthen the basic economic structure of Japan are actually contributing to its difficulties. They invite and make possible continued refusal by the government to face up to economic problems. Moreover, the higher the level of special dollar earnings in the face of deficient financial and economic policies, the more difficult will be the ultimate readjustment when special receipts begin to dwindle. This combination of high special dollar earnings and lack of action by Japanese Government is building up to situation which one day will culminate in economic crisis, endanger the moderate conservative forces, and compromise the whole policy of United States–Japan cooperation.

8. The present government brings to these problems the attitude of a prodigal, wasteful of its substance and confident that the United States will bail it out through special procurement, Korean rehabilitation, or new loans. Moreover, our recent lack of coordinated policy in programming these special dollar earnings has contributed in no small measure to this state of affairs.

9. It seems to me what we need is a changed emphasis in United States policy, and that Ikeda's visit provides a suitable opportunity to develop the following:

(a) If Japan–United States relations are to be put on an enduring basis, our joint self-interest requires that the defects in Japan's present policies listed in paragraph 5 be corrected. Since I have no confidence we can accomplish this by exhortation, and continual public exhortation will be self-defeating, we should only allow the higher flow of special dollar earnings to continue if the Japanese Government begins soon to deal with these defects. If it does not, we should take positive steps to reduce the volume of these earnings in order to compel remedial action. This will require much more coordination in Washington on defense and FOA expenditures in Japan than now exists.

(b) Until remedial measures are adopted we should make no further dollar loans except for cotton and the pending thermal power

application. When sound policies are adopted we should be prepared to consider further dollar loans or economic assistance.

(c) Our recent emphasis in Japan has been concentrated almost exclusively on an expansion in defense forces. While maintaining pressure in this regard, we should also devote much more attention to getting Japan to adopt corrective economic and financial measures. I suggest this partly because I do not think we can at this time induce a substantially greater effort than is now contemplated here for next year although I think we can do perhaps a little better than is indicated in paragraph 1 by hard bargaining with FOA funds. More important however, is fact that unless Japanese can be induced in some way to shore up their economic base, development of sound defense structure is impossible.

(d) I feel strongly it will be major mistake not to proceed immediately to negotiate a GARIOA settlement along lines of German settlement while special dollar earnings are still high and rising. The moment there is any marked decline in these dollar earnings or the Yoshida forces lose power, it will become extraordinarily difficult if not impossible to negotiate any settlement whatever. In this connection Ikeda has hinted he may put forward some interesting proposals on how a GARIOA settlement might be used in conjunction with a regional approach to Southeast Asian development; if he does, we should give close consideration to this point. Embassy hopes to be able furnish more details this point before Ikeda's arrival in United States.

(e) Judging from latest Department's stand for a limited relaxation of China trade controls as indicated in Secretary's recent press conference,[3] I do not think this will be a problem in the Ikeda visit.

(f) If our overall commitments permit we should seriously consider informing Ikeda that if Japan adopts sound policies, so that one can look forward to the time when the yen might be convertible, the United States would then be prepared to consider a stabilization credit to make convertibility possible. This might be consid-

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[3] The following exchange occurred during the Secretary's press conference held in Washington on Sept. 3:

"Q. Mr. Secretary, in connection with the Japanese economic problem, there have been some stories from Tokyo that the Japanese Government has asked us to approve wider trade with Communist China, both as to its extent and types of items. Can you comment on that?

"A. The matter is primarily for the Japanese themselves to determine once you get beyond the category of strategic goods or goods which are listed under the Battle Act as of such a character that trade in them with Communist areas might lead to a cutting off of economic and military support. Actually today the Japanese have voluntarily adopted far more drastic restrictions on trade with Communist China than any other country except, I believe, the United States and Canada. Other countries are doing business with Communist China in terms of non-strategic goods which Japan, as a matter of its self-denying ordinance, is not doing. It is quite possible that the Japanese might want to put their relationship on a basis more nearly that of the other countries such as Britain, France and so forth. That would be understandable and I don't think we could seriously object to it because it would not involve a violation of the spirit or letter of the Battle Act." (Department of State, News Division, "News Conferences of the Secretary", vol. XXIV, 1953–1955, under date)

ered in connection with a similar conference with the British on the problem of the convertibility of sterling.

(g) In short what I am prescribing is another dose of Dodge's medicine, which enabled Japan to surge forward so remarkably between 1949 and 1951, as a condition of further United States special direct assistance. However, it is important to remember that Japan is not now an occupied nation and that it will not take this medicine merely upon demand.

10. Both the presentation we think Ikeda will make and our suggested approach are attacks from different points of view on the weakness, drift, and instability which exist here:

(a) Yoshida's point of view what he hopes to get from the United States is the increased strength he has not yet been able to summon from inside Japan to compel coalition, attract more support, or win an absolute majority for his Liberals in a new election. With time purchased by United States loans and pork barrel persuasion financed by United States he would be, he would claim, be in a position to address himself more seriously to Japan's problems.

(b) As we see it, if we fell in with this Ikeda–Yoshida plan of underwriting their shortcomings, it is almost certain effect would be to postpone once again the taking of unpopular measures, with a consequent further deterioration in the underlying economic situation and to the detriment of long term United States-Japanese relations. Meanwhile United States political influence in Japan would continue to be mortgaged to Yoshida's personal machine and our intervention in his behalf not only could contribute further to anti-American sentiment which has risen here in recent months, but also could become the issue which would split the moderate Conservative field beyond possibility of early reconciliation.

(c) Frankly we do not know whether the factionalism and personal animosities (particularly those directed against Yoshida) that now divide the Conservatives can be resolved. However, it may well be that United States pressure for economic reform would promote closer Conservative cooperation in and out of the Diet. In any event it seems to me that our policy should be directed to ends that make sense in themselves, and which have the merit of being endorsed by the most responsible elements in Japan.

11. This much, however, is clear. A basic assumption of our Pacific policy since the war has been that Japan would become a stabilizing power both economically and politically in the Far East and was thus vital to the defense of America and the free world. A continued drift in current policies will delay the time when Japan can fulfill that role and will compel us to resort to an unending series of measures to provide dollars to keep Japan going. Japan must take remedial measures and our best hope of getting the government to do so is by a combination of compulsion and inducement such as suggested in this telegram.

12. Treasury Attaché Diehl participated in drafting this message. Department may wish to consider desirability of having Embassy representative and Diehl present for these talks.

ALLISON

No. 685

611.94/9-1053: Telegram

The Ambassador in Japan (Allison) to the Department of State

CONFIDENTIAL TOKYO, September 10, 1953—8 p.m.

647. Reference Criminal Jurisdiction. [1] Reference Department telegram 589 [2] and Embassy telegram 646. [3] In meeting on September 8 and 9 with Foreign Office and Justice Ministry *ad referendum* agreement reached on waiver, notification of waiver, and on hostilities. Verbatim texts in following telegram. [4] Agreements on custody and official duty per Embassy telegrams 611 and 612 [5] still stands. Japanese not expected propose further changes these items.

Commentary on verbatim text.

1. Waiver and notification of waiver:

(a) We reached agreement on waiver only after lengthy discussions over three day period with frequent referrals to Justice Ministry. We resisted to last inclusion word "normally" and accepted it *ad referendum* when clear no other way to get "material importance". Japanese insisted "normally" essential to make paragraph politically palatable, although we considered it superfluous since paragraph as whole explicitly gave Japanese unilateral discretion to determine whether a specific case is of "material importance". Believe Japanese accepted this and believe addition word "normally" will not in practice make any difference in implementation waiver paragraph.

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[1] The Protocol to Amend Article XVII of the Administrative Agreement was signed in Tokyo on Sept. 29. For text, see 4 UST (pt. 2) 1847. The brief selection of documentation printed here on the negotiation of this Protocol is designed to be read in conjunction with it.

[2] Dated Sept. 9, not printed. (611.94/9-2353)

[3] In telegram 646, dated Sept. 10, the Embassy transmitted the texts of statements by Japanese and U.S. members of the criminal justice subcommittee of the Joint Committee under the Administrative Agreement. The telegram included a Japanese undertaking that, in cases where it had a primary right of jurisdiction over U.S. personnel affected by the Protocol, as a matter of policy Japan did not normally intend to exercise that right except in cases which it determined to be of material importance to Japan. See also footnote 2, Document 700.

[4] Apparent reference to telegram 646, cited in footnote 3 above, which was sent at the same hour as telegram 647.

[5] These telegrams, both dated Sept. 5, concerned the negotiations for the sections of the Protocol and accompanying statements which treated custody and offenses arising out of acts done in the performance of official duty. (611.94/9-553)

(b) "Material importance" considered substantially equivalent to "particular importance". In view difficulty negotiations on waiver issue, we felt fortunate obtain any modifier. Word "material" suggested by FEC representative.

(c) Notification of waiver also deemed acceptable, although addition of sentence referring to principles of protocol paragraph 3 may raise possible ambiguities. However, in view US commitments paragraph one, Article 17 administrative agreement, we felt it impossible refuse to accept Japanese suggestion of sentence regarding principles of paragraph three, in return for Japanese agreeing substance our proposals on notification. We construe sentence regarding principle as going only to fact that Japanese will have discretion to choose what particular off-duty cases they will try, and not as requiring US military authorities to await notice of waiver of jurisdiction before going ahead with preparation for trial and trial of off-duty offender. FEC representatives feel pressing for clarification this point would endanger understandings.

(d) Regarding your 589 this point, we have had general understandings with Japanese for some time, subject to reaching agreement on final language, that time limitation on notification by them will be time it takes us to reach verdict on case. We have further requested and they have orally agreed that as a matter of course we would be notified before trial commences and we have informed them that in all serious cases, involving general court-martial, it will take generally 20 to 25 days to bring case to trial. FEC representatives would prefer to leave any more definite time limitation understandings to be worked out in the joint committee, if and when that becomes necessary. We have all assumed original instructions do not preclude type of understandings described above. [6]

2. Classification issue: Japanese still willing to have waiver arrangements unclassified if recorded only in the records of jurisdiction subcommittee of joint committee, and if distribution is restricted. They propose make their policy known to procurators in conference scheduled next month. Furthermore they state flatly that any decision by local procurator that case is of "material importance" will be referred to Justice Ministry in Tokyo for decision whether to take jurisdiction. We believe this is acceptable handling of waiver agreements. If arrangements do in fact leak, opposition par-

[6] Pertinent information concerning final negotiations on technical arrangements regarding notification of waiver, including Japanese commitments on the subject, is in telegram 646, cited in footnote 3 above, telegrams 664 and 665 from Tokyo, both dated Sept. 11, and telegram 583 to Tokyo, dated Sept. 15. In telegram 664, the Embassy interpreted the result of these negotiations to mean that United States authorities "may proceed to process and try cases where Japan has primary jurisdiction subject to Japan's notification of intention to exercise its primary jurisdiction. However, if this notification is not received within time limit to be set in joint committee, it is understood United States jurisdiction becomes absolute, and double jeopardy provisions will apply after United States verdict." (Telegrams 664 and 665, 611.94/9–1153; telegram 683, 611.94/9–1553)

ties should not be able to make much of "secret agreement" argument since subcommittee records are definitely unclassified. Question of what Japanese (or joint US-Japanese release) will tell press after these arrangements are concluded still to be worked out. When we discuss this with Japanese issues in your 545, September 2, [7] will be raised.

3. Hostilities: Believe hostilities language both self explanatory and acceptable. Japanese state no difference from US text intended. Recommend acceptance. [8]

4. Rules of court: Unexpected difficulty arisen this issue. Several solutions being tentatively considered and expect wire shortly proposed settlement. Japanese have explicitly stated in writing that if they agree delete "when the rules of court permit", position of Japanese Government this issue is reserved regarding proposed UN forces agreement. We will inform Commonwealth here this development, as in past, and then prepare reply to Japanese statement.

5. Observers: Japanese finally agreed yesterday presence of Commonwealth observers would be palatable in formal meeting. We have so notified Commonwealth representatives.

6. Retroactive clause: Japanese finally agreed to our original minute regarding effective date protocol.

FEC and Henderson concur.

ALLISON

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[7] In this telegram the Department discussed issues raised by the decision arrived at by the negotiators to keep some of the arrangements on jurisdiction classified. (494.944/8-2753)

[8] Telegram 646 included the text of a statement by a U.S. representative on the criminal jurisdiction subcommittee regarding the provisions of paragraph 11 of the Protocol: "In connection with this provision I wish to state on behalf of my government that the US declares its intention in the event of hostilities to which the provisions of Article XXIV of this agreement apply, to seek exclusive jurisdiction over its forces in Japan."

No. 686

NAC files, lot 60 D 137 [1]

Memorandum by the National Advisory Council Staff Committee to the Council [2]

CONFIDENTIAL [WASHINGTON,] September 15, 1953.

NAC Document No. 1528

Subject: Settlement of Postwar Economic Assistance to Japan

The United States has given Japan economic assistance since World War II amounting to $2,045.6 million, of which about $42.3 million relates to surplus property type claims. These data are the best available, but they do not represent strictly accurate accounting data. Furthermore, there are possible deductions from these amounts which may be negotiating points.

The legislation making the GARIOA funds available did not require repayment and there has never been a formal undertaking by the Japanese with respect to compensating the United States for this assistance. On occasion, the Departments of States and Defense informed the Congress that repayment from the Japanese would be sought, but there has been no commitment with respect to the amount and terms of the settlement. For that reason any settlement of these United States claims will need to be discussed with the appropriate Congressional Committees. The Department of State considers that settlement should take the form of an executive agreement.

The Department of State has consistently followed the policy of negotiating surplus property settlements on the basis of 100% of sales value, and feels it necessary to follow the same policy in the Japanese case. Accordingly, it is proposed that after the total payment to be made by Japan on account of postwar economic assistance is determined and agreed with the Japanese, two agreements be written, one along surplus property terms covering the obligation of about $42 million, the other covering the remaining major portion of the claim.

The terms of settlement with Japan have been the subject of occasional discussions interdepartmentally for more than two years. It was, for instance, discussed in the NAC on October 17, 1951,

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[1] File of documents of the National Advisory Council on International Monetary and Financial Problems for the years 1945–1958, as maintained by the Bureau of Economic Affairs of the Department of State.

[2] Accompanied by an attached "Recommended Action", identical in wording to NAC Action No. 647, included in the minutes, *infra*.

along with the German problem.[3] Two major interdepartmental differences have prevented agreement being reached as yet, namely, the amount which Japan shall be obligated to repay and the relation of the settlement to the defense program of Japan. When the Treaty of Peace with Japan was negotiated, the United States contended that Japan could not pay reparations without putting a burden on the United States. The Treaty, as executed, provided for reparation payments in the form of services supplied by Japan. Reparations settlements under the Treaty have not been accomplished with any country, and the problem constitutes an obstacle to expanded Japanese trade with Southeast Asia.

The German settlement is likely to become a precedent with respect to the amount of the proposed settlement with Japan. Total claims against Germany amounted to approximately $3.2 billion. The total obligation assumed by Germany under the agreements was $1.2 billion, of which about $200 million represented surplus property sales, and the balance other claims arising from postwar economic assistance. The surplus property portion was settled on the basis of the full amount on terms similar to other surplus property settlements, i.e., 30 years at 2 3/8 percent. The major portion of the settlement, however, was funded over a period of 35 years at an interest rate of 2 1/2 percent. A 5-year grace period on repayment of principal applied to both portions.

If the claim on Japan were to be settled on similar terms, the principal amount would be about $750 million, with annual payments of interest and amortization amounting to about $35 million. It seems probable that the longer the GARIOA settlement is postponed the weaker the United States position will be. It is appropriate to proceed at this time inasmuch as the Japanese have suggested that the whole range of economic problems between the two countries be discussed during the visit of Mr. Hayate Ikeda starting about September 17. These problems, in addition to post-war assistance, include defense, trade, reparations and U.S. aid. This provides an opportunity to discuss this subject and other economic problems in their relation to each other, and at the same time provide for the possibility of an early settlement of post-war economic assistance.

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[3] The Council, which did not meet on Oct. 17, 1951, discussed this subject at its 184th Meeting held Oct. 24, 1951. Minutes of the meeting, not printed, are in lot 60 D 137. For discussion of the substance of the meeting, see Hemmendinger's memorandum to McClurkin, Oct. 26, 1951, in *Foreign Relations*, 1951, vol. VI, Part 1, p. 1384.

No. 687

NAC files, lot 60 D 137

Minutes of the 203d Meeting of the National Advisory Council on International Monetary and Financial Problems, September 16, 1953

[Extract] [1]

CONFIDENTIAL

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2. Settlement of Postwar Economic Assistance to Japan

Mr. Willis [2] outlined for the Council the problem of the settlement of U.S. postwar economic assistance to Japan (see NAC Document No. 1528). [3] He noted that the Japanese settlement had not previously been considered by the Council although it had been mentioned in late 1951 in connection with the settlement of German postwar economic aid. He explained that a forthcoming visit to the United States of a senior Japanese official presented a favorable opportunity to consider the Japanese settlement along with other problems of U.S.-Japanese relationships. He added that principal past interdepartmental differences on the terms of a Japanese settlement revolved around whether the German settlement should constitute a precedent for the Japanese settlement. He noted that while the German settlement covered private as well as public debts, the Japanese have already reached an agreement with their private creditors. The Staff Committee had been advised by the State Department that any proposal for settlement would be discussed with the appropriate Congressional Committees and that the State Department proposed to effect settlement by means of an Executive Agreement. The Staff Committee was recommending a flexible action providing for settlement on the best terms that can be negotiated, but not less favorable to the U.S. Government than those of the German settlement.

Mr. O'Hara [4] stated that the Defense Department discerns two points of difference from the German case. First, in the German case there was considerable evidence of German willingness to participate in defense measures, a factor that was taken into account

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[1] Among the omitted material is a list of persons present (25). The meeting was chaired by Andrew N. Overby, Assistant Secretary of the Treasury.

[2] George H. Willis, Acting Secretary of the NAC and Director, Office of International Finance, Department of the Treasury.

[3] *Supra.*

[4] Robert E. O'Hara, Chief of the Foreign Programs Branch, Budget Division, Office of the Secretary of Defense.

in arriving at the final terms of the settlement. No similar willingness is now evident in the case of Japan. Second, German resources for payment of international obligations are considerably greater than those of Japan. This factor may constitute to some extent an offset to the first point of difference. He continued that it was the view of the Department of Defense that the U.S. negotiators should take account of this difference in attitude toward defense efforts and should accordingly seek better terms for the U.S. Government in the case of Japan, and that equitable treatment of the Germans requires the U.S. to obtain better terms from Japan than it did from Germany.

Mr. Hemmendinger indicated that the State Department has reason to believe that the Japanese attitude toward defense may recently have undergone a change, so that it was possible that the U.S. negotiators would find a situation at the time of the negotiations in which the distinction cited by Mr. O'Hara would no longer exist.

Without further comment or discussion the Council unanimously approved the recommended action.

Action: The following action was taken (Action No. 647):

The National Advisory Council advises the Secretary of State that the United States should seek to negotiate a settlement of the United States claims for postwar economic assistance to Japan on the best terms that can be negotiated, but not less favorable to the United States than those of the German settlement.

. . . . . .

No. 688

694.95B/9-1753: Telegram

The Acting Secretary of State to the Embassy in Japan [1]

SECRET
PRIORITY

WASHINGTON, September 17, 1953—6:36 p.m.

678. Tokyo's 622, 636, 637 and 687. Seoul's 200, 208, 216, 219. [2] Regarding effect suspension Sea Defense Zone upon Japanese-ROK relations State and Defense concur both Embassies should strongly urge both parties sit down immediately discuss outstanding prob-

[1] Drafted in NA; cleared with NA/K, and U/FW, and with the Department of Defense in draft; and also sent priority to Seoul as 182.

[2] None printed. All these telegrams were sent between Sept. 2 and 15, and are in either file 694.95B, 795.00, or 795.022. All deal with a series of seizures by Korea of Japanese fishing vessels which had ventured into waters of the former Sea Defense Zone.

lems. Rhee's demands outlined Seoul's 208 [3] do not appear impossible of solution.

Embassy Tokyo should indicate Japanese desirability of meeting Koreans half way in view probability Korean attitude will influence extent procurement in Japan of aid for economic rehabilitation Korea. Hostile Korean attitude may keep procurement in Japan to minimal point. Broad-minded approach by Japanese to whole range of outstanding questions including claims issue may make it possible reach reasonable understanding with ROK and produce tangible benefits for Japan in connection Korean aid program. Japanese may wish discuss this question in context reopened Jap-ROK negotiations.

Embassy Seoul should reiterate US inability as matter of principle support concept of fishing demarcation line in international waters not based on conservation practices and mutual agreement. Should urge attempt be made confer with Japanese establish mutually agreed conservation zone and conservation measures and say we have informal indications from Japanese they are prepared discuss such measures.

SMITH

[3] Dated Sept. 8; in it the Embassy stated that on Sept. 6 President Rhee expressed a willingness to work out a *modus vivendi* with Japan, provided Japan returned to Korea archives and gold reserves, accepted a fishing demarcation line, abandoned claims to Japanese property in Korea, and publicly renounced all claims on Korea. (795.00/9–853)

No. 689

694.95B/9–1953: Telegram

The Acting Secretary of State to the Embassy in Japan [1]

SECRET
PRIORITY

WASHINGTON, September 19, 1953—12:29 p.m.

697. Limit distribution. Re Seoul's 236 [2] repeated Tokyo 110 and Tokyo's 721 [3] repeated Seoul 35. As Department sees it following

[1] Drafted in NA cleared in substance with U/FW: approved for transmission by Robertson; and repeated priority to Seoul as 190.

[2] Dated Sept. 18. A portion reads: "While we recognize legitimate Japanese interest in sharing procurement, nevertheless danger of leak seems to us so great, and effect of such leak on Rhee clearly so explosive, that we question desirability raising issue with Japanese." (694.95B/9–1853)

[3] Dated Sept. 18. In this telegram the Embassy in Japan had stated that the Koreans were "clearly the aggressors" in the fishing dispute and that the representation proposed in telegram 678 (*supra*) was inappropriate because it amounted to an im-

Continued

factors must be taken into account in settlement fisheries issue between Japan and ROK:

1. Relationship to other matters pending between two countries and desirability persuading them reach settlement all these matters.

2. Undesirability US serving as mediator or honest broker in dispute. Therefore agree line suggested numbered paragraph (4) Tokyo's 721. [4]

3. Domestic political heat engendered in Japan by fisheries question and problem posed for US-Japanese relations.

4. Relationship to general policy re fisheries and territorial waters. Neither Japanese nor we can admit principle of demarcation line in international waters not based on conservation and mutual agreement. Possibility Japan and ROK reaching agreement fishing issue predicated upon hope Japanese would make sufficient concessions in direction conservation measures so Koreans would believe their fisheries interests adequately protected and would therefore no longer insist upon concept Rhee line. Believe further catalyst this direction would be more broad-minded approach by Japanese toward other pending issues.

5. Relationship to Korean political conference. [5] Defense was with difficulty persuaded not authorize CINCUNC withdraw logistic support ROK Navy. Defense also urged discontinuing relief and other economic activities if ROK remained intransigent. Department did not and does not believe it useful have "showdown" with Rhee on this issue. Such action might jeopardize both continued ROK performance on promise to cooperate with us until after first 90 days political conference and any prospect of securing satisfactory political settlement as result conference. These questions appear at moment outweigh any assessing rights and wrongs of positions re fisheries issue.

Our prime aims therefore are to buy time for political conference and at same time attempt move ROK and Japan toward resolution all outstanding issues while avoiding clashes over immediate sore point.

Robertson away when Deptel 678 to Tokyo and 182 to Seoul sent, agrees completely with Embassies Seoul and Tokyo re undesirability any mention to Japanese of influence Korean attitude toward

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plied threat to Japan, while the Koreans were merely being urged to negotiate. According to the Embassy, Japan was aware that the United States had effective control over U.S. funds for Korean rehabilitation. "If impression should be created US exercising economic pressure on Japan to appease ROK, reaction here could be serious." (694.95B/9–1853)

[4] In paragraph 4 the Embassy suggested that in reply to a request from the Japanese Foreign Ministry for U.S. assistance in the current dispute, the Embassy might state that a Korean request for restoration of the Sea Defense Zone, with joint U.S.-Korean enforcement, had been rejected by the United States, and that the United States was urging Rhee to seek a settlement.

[5] For documentation concerning preliminary negotiations during 1953 in anticipation of the conference proposed on the Korean armistice agreement, see volume XV.

Japan may have on extent procurement in Japan of items for economic rehabilitation Korea. Korean economic program first and foremost for rebuilding ROK and developing its industry and agriculture. Procurement will take place in Japan only to extent it is most economical and efficient way accomplishing this purpose. Japanese therefore should not be led rely US procurement in Japan connection Korean economic program as major portion answer their economic problem.

Suggest on basis foregoing explanation factors taken into account and aims to be achieved Embassies Tokyo and Seoul coordinate General Clark upon his return September 21 and then approach Japanese and ROK Governments urging upon them immediate negotiation settle fisheries issue and if possible other outstanding issues. [6]

SMITH

[6] Documents in file 694.95B for September and October 1953 indicate that, at least partly as a result of representations by the United States, negotiations between Japan and the Republic of Korea got under way in the first week of October. The talks were broken off on Oct. 21 when the Korean Government asked for, and did not receive, a formal apology for certain remarks made by a Japanese negotiator on Oct. 15.

No. 690

794.5/9-2553: Telegram

The Ambassador in Japan (Allison) to the Department of State

SECRET PRIORITY TOKYO, September 25, 1953—11 a.m.

767. General Clark, Parsons and I met for two hours yesterday afternoon with Okazaki, Kimura, and Masuhara, Vice Director National Security Agency, for general discussion of Japan's defense position. Only concrete result of meeting was agreement for meeting this morning of Masuhara, Parsons and representative of General Clark to go over details of present Japanese defense plan, outline of which was given us yesterday. Present plan similar to that of NSA reported in Embassy telegram 723 September 18. [1]

[1] In this telegram the Embassy transmitted the following summary of the NSA plan:

"NSA 5-year force goals confidentially given Embassy by Foreign Office official. Goals are 210 thousand men, for ground force, 140,400 tons for navy, and 1418 planes for air force. NSF would be increased in FY 54 by 30,800 men and 10 thousand civilians (for clerical administrative positions thus releasing equivalent number for service with units). Total cost to Japan would be 956 billion yen, of which 118 billion would be FY 54 cost. US would be asked provide 5-year total of

Continued

Significant points developed during course of conversation were as follows:

1. Ability of Japanese to increase personnel of National Safety Forces limited by fact that conscription impossible without revision of Constitution and that present laws make no provision for creation of reserve system.

2. Revision of Constitution dependent upon education campaign bringing home to Japanese people facts of life in present world and necessity for adequate defense system. Kimura agreed with our contention that Japanese Government had so far been deficient in carrying out such educational program but claimed necessity was realized and government would take definite steps in this direction in future. He expressed opinion, in response to General Clark's question, that it would probably take about three years to get Japanese public in proper frame of mind so that there would be reasonable chance of Constitutional revision being approved by national referendum as required in Constitution. Kimura claimed that premature attempt at revision ending in failure would set back progress several years. In meantime, government would have to depend on voluntary enlistments.

3. Prerequisite to strong defense structure and to conduct of educational campaign among people is, according to Kimura, merger to coalition of Japanese Conservative Parties. Kimura reverted to this point several times during conference. In response to my query, he stated he has reason to be optimistic at prospects of such merger and hoped it might eventuate in near future. He cautioned, however, that this was most delicate and that we should treat statements of his on this question as "top secret."

4. Toward end of conference Kimura stressed point that quality rather than quantity was desirable element in National Safety Force and that this depended upon spiritual awakening of people and their realization of necessity of defending themselves against any form of direct or indirect Communist aggression. Kimura referred to activities of Sohyo, college professors and other intellectuals who are spreading anti-American and anti-rearmament propaganda throughout country with considerable effect. He said government was particularly concerned with activities of National Teachers Union, which has large funds at its disposal for use in this manner, and that Cabinet was now considering what action could be taken to limit activities of this union.

Detailed memorandum of conversation will be airpouched. [2] It is hoped result of today's conference attended by Parsons will make possible forwarding of specific information as to Japan's intentions.

In my opinion, yesterday's meeting was most helpful, as for first time it put squarely up to Japanese American position concerning force goals as well as Japanese financial contribution to its own de-

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$1.5 billion of which $237.5 million would be provided in first year. US contribution would be military end items and some OSP." (794.5/9–1853)

[2] Not found in Department of State files.

fense. General Clark made clear that in United States opinion ultimate ground force of around 300,000 men to be attained by annual increments of 50,000 was deemed essential. General Clark added that Japanese plans for sea and air defense forces appeared more nearly in line with US thinking. I stressed United States belief Japan's economy would permit immediate expenditure of 3 1/2 percent of national income on defense, as contrasted to present 2 percent, and that this amount should gradually increase to maximum of 5 percent. It was made clear that even this amount was considerably less than that being spent by any other country receiving American military aid and that it would be difficult to persuade American Government and Congress that Japan was serious unless it made a contribution to its own defense of approximately this magnitude. Our statements were received in most friendly spirit by Japanese and I believe they will be passed along immediately to Yoshida in effort by Okazaki and Kimura to convince Yoshida that present Japanese thinking on rearmament problem is entirely inadequate.

ALLISON

No. 691

611.94/9–1553: Telegram

The Secretary of State to the Embassy in Japan [1]

CONFIDENTIAL
NIACT

WASHINGTON, September 26, 1953—10:58 a.m.

756. Joint State–Defense message. Re Criminal Jurisdiction Negotiations. Approve recommendations contained your telegrams 611, 612, [2] 646, 647, [3] 664, 665, [4] 683, [5] and 684. [6] Therefore you authorized proceed with formal meetings and signing agreement. [7]

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[1] Drafted in NA, cleared with L/EUR and RA, and cleared in substance with Secretary of Defense Wilson.

[2] Both dated Sept. 5; see footnote 5, Document 685.

[3] Document 685. Regarding telegram 646, see footnotes 3, 6, and 8 thereto.

[4] Both dated Sept. 11; see footnote 6, Document 685.

[5] Dated Sept. 15; see *ibid.*

[6] Dated Sept. 15, not printed. (611.94/9–1553)

[7] See footnote 1, Document 685.

Considered highly important have Japanese divulge as much as possible content jurisdiction arrangements when press release issued as contemplated item 2 your 647. Furnish in advance press release and advise timing issuance. [8]

Re discussions on jurisdiction in Jurisdiction Subcommittee subsequent signing agreement respect waiver and notification of waiver: (1) If in negotiation time limit on notification waiver there is difficulty in holding Japanese to maximum notification period ten–fifteen days, suggest Japanese be offered extension in cases in which they request it. Might then have fifteen day maximum with extension up to ten–fifteen more days upon Japanese request. Necessity for fairly short time period should be readily explainable Japanese on administrative grounds. Any difficulties they may have based on maximum investigating period provided under their law should be taken care of by their right request extension before original period ends.

Initiation trial prior notification by Japanese of non-intention exercise jurisdiction or running of time period, whichever comes first should be avoided. If Japanese prior expiration time period chose to exercise jurisdiction in case in which actual court-martial had already commenced, Japanese-U.S. relations might be strained. FEC is of course authorized proceed prior expiration time period with investigation case and processing up to trial.

In subcommittee agreement on maximum time period for notification either waiver or non-waiver, every effort should be made introduce sentence making absolutely clear failure notify during time period constitutes waiver. Inference this effect contained in waiver statements could be argued to be less than conclusive.

DULLES

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[8] Text of the press release issued upon the signing of the Protocol in Tokyo on Sept. 29 is in telegram 805 from Tokyo, Sept. 28. (611.94/9–2853) In telegram 804 from Tokyo, also Sept. 28, the Embassy in part stated that it found the release disappointing in that suggestions for a stronger statement concerning jurisdiction arrangements had been rejected by the Japanese, but also stated that it believed "it obvious to those who have followed negotiations that statement implies satisfactory waiver arrangement reached. Further believe that Japanese disclosure jurisdiction waiver arrangements at this time would arouse suspicions and have adverse effect upon public opinion here." (611.94/9–2853)

No. 692

794.5/9-2853: Telegram

The Ambassador in Japan (Allison) to the Department of State

RESTRICTED TOKYO, September 28, 1953—6 p.m.

806. Yoshida–Shigemitsu [1] conference on defense and domestic politics held yesterday. Their joint communiqué, which has received tremendous coverage today's press, follows in full in unofficial translation:

"In view of the current international situation and the rising spirit of racial independence within the country, it is necessary at this time to clarify a policy of strengthening the self-defense power and to formulate a long-range defense program which is in keeping with the nation's strength and which will keep step with the gradual reduction in the US security forces.

"In accordance with the above, the national safety agency law will be immediately amended to convert the national safety force to a self-defense force and to give it the duty of defense against direct aggression."

Press roundup and Embassy comments will follow [2] but it is most encouraging to note that one of first concrete steps agreed upon was amendment of law under which national safety force was powerless to act in case of direct aggression. I recall that Senator Knowland was particularly concerned when he learned of this and so informed Yoshida.

ALLISON

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[1] Mamoru Shigemitsu, President of the Progressive Party. The Progressive Party and the Hatoyama faction of the Liberal Party were engaged in informal negotiations with the Prime Minister with the intent of arriving at a basis for a coalition of conservative parties.

[2] In telegram 832 from Tokyo, Sept. 30, the Embassy commented in part: "Yoshida's objectives were evidently to: (a) prepare for defense build-up in which Conservatives jointly will share responsibility; (b) lay basis for Liberal–Progressive cooperation in next Diet and thus to further possible coalition or amalgamation; and (c) strengthen Ikeda's bargaining position in Washington." (794.5/9-3053)

No. 693

033.9411/9-2953: Telegram

The Ambassador in Japan (Allison) to the Department of State

CONFIDENTIAL TOKYO, September 29, 1953—7 p.m.

819. Please pass Commerce. Reference Embassy telegram 645, September 10, 1953. [1] Embassy appreciated opportunity review tentative position papers Ikeda discussions. In view of subjects raised in paper entitled "Foreign Investment", [2] Department may wish consider Embassy observations on following topics:

1. Foreign investment in Japanese enterprise. Japanese Foreign Investment Board is currently denying applications investment by Americans who wish control more than 50 percent stock interest (despatch under preparation). Applications by American investors seeking approval 100 percent ownership are being delayed or have been rejected. Embassy understands Cabinet officials concerned have reached informal confidential agreement disapprove such applications on grounds avoid excessive foreign control over domestic industry. In attempt alter this practice, Embassy discussing problem with appropriate officials Japanese Government, including Vice Minister Foreign Affairs Okumura, who was informed that such restrictive policy appears (1) Contrary to government policy repeatedly announced by Prime Minister, and most recently ex-

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[1] Not printed. (894.131/9-1053)

[2] Draft paper not found in Department of State files. In the final version dated Oct. 1, the section entitled "United States Position" reads as follows:

"1. The U.S., with the exceptions noted below, is not in a position to extend direct U.S. loans to Japan;

"2. for loans from public lending institutions, Japan should rely primarily on the IBRD; the Bank's attitude towards loans to Japan, however, is strongly influenced by Japan's efforts to put its internal economy on a sound footing; the U.S. supports extension of a $40 million IBRD credit for thermal projects, but cannot commit itself on other projects in advance;

"3. Japan is generally able to build the necessary plant and equipment to undertake its development, supplemented by relatively minor amounts of imported materials, equipment and services; loans should be sought only to the extent actually needed; unnecessary burdening of Japan's balance of payments for the future should be avoided;

"4. the Export-Import Bank is willing to consider requests for short-term credits for the purchase of agricultural raw materials; action on the $60 million cotton credit (short-term) request is anticipated shortly;

"5. the Japanese should give greater attention to removing obstacles to the entry of private foreign capital; the U.S. is concerned that Japan appears to be deliberately discouraging the entry of American capital into equity investment;

"6. the U.S. does not, as a general matter, comment on the economic soundness of foreign flotations on the American market; the prospective borrower, however, must comply with the relevant Federal and local regulations." (FE files, lot 55 D 388, "Japan")

pressed on occasion Knowland visit, [3] (2) not supported by Japan's foreign investment law and related legislation, (3) in violation of spirit and letter United States–Japan FCN Treaty. Vice Minister agreed such restrictive policy also disadvantageous Japan's economic self-interest and promised close personal attention seeking reconsideration current practice.

2. Fair trade practices. Embassy has observed increasing tendency toward restrictive trade practices including collusive bidding, dual pricing, division of markets, government designation of exclusive importers and trade arrangements at artificially pegged prices. Recently, following continued low level exports and heavy import balance, government has considered legislative and administrative measures involving official production controls over certain industries, preferential treatment in foreign exchange allocations and extension of indirect and direct subsidies. Seeking bureaucratic controls, MITI officials, supported by some political leaders and big business, continue active campaign for more drastic amendment or repeal anti-monopoly and export trading laws.

Comment: Should Japan openly engage in preferential allocation of exchange to importers or markets to exporters, Embassy believes action would be adverse to Japanese best interest as well as American. Dual pricing will stimulate defensive action by other nations to restrict Japanese trade. Japan, however, almost certain encourage certain degree reconcentration industrial and trading firms because of historic pattern and paucity of resources and capable business leaders. Competition is uncongenial concept. Therefore rather than opposing reconcentration per se Embassy suggests representation against those restrictive practices which obviously are detrimental to Japanese economy and American trade.

ALLISON

[3] William F. Knowland, Majority Leader of the U.S. Senate, had left Washington on Aug. 23 for a tour of Asian countries. He was in Tokyo for part of the last week in August. He arrived back in Washington on Oct. 3.

No. 694

033.9411/9–3053: Telegram

The Secretary of State to the Embassy in Japan [1]

TOP SECRET WASHINGTON, October 1, 1953—7:09 p.m.

797. Your 614, [2] 738, [3] 832, 833. [4] After discussion with Diehl following appear main problems negotiations with Ikeda.

[1] Drafted in NA and approved for transmission by Robertson.
[2] Document 684.
[3] Dated Sept. 21, not printed. (033.9411/9–2153)
[4] Both dated Sept. 30, neither printed. (794.5/9–3053 and 033.9411/9–3053, respectively)

1. Japanese prepared discuss defense plans ranging somewhere between NSA and Ministry Finance plans. Except possibly for Navy plan falls short US goals but after negotiations may provide basis understanding on US military assistance. Ikeda will probably take position to be acceptable to Japanese Diet and people plan would have to be solidly based on understanding re planned withdrawal US ground forces. If attempt made to present defense plan of this order without understanding on both US assistance and reduction US ground forces, Government would fall with probable strengthening left Socialists. Yoshida and Ikeda would both be seriously discredited.

US forces expected to be in Japan over balance this fiscal year 2 1/3 to 3 1/3 divisions. Existing US plans call for increasing to four divisions when forces can be taken from Korea. This not generally known to Japanese and would most seriously disturb. Under existing US thinking commencement reduction US forces below four divisions would be considered at earliest only when Japanese ground forces reached about 200,000 which is most Japanese now prepared discuss as five year goal.

Main problem for US therefore whether prepared plan reduce present forces progressively as Japanese develop ground force of 180–200,000. Alternative such US undertaking could be Japanese refusal adopt new defense plans, increase anti-Americanism and increase political strength parties opposed cooperation with US. Would it be in our interest in promoting Japanese defense buildup to state frankly Japanese will have to raise sights considerably to afford basis US withdrawal?

Appreciate foregoing may be too categorically stated. Do you see basis reconciling Japanese plans with US concept requisite forces in Japan?

Other problems will be whether Japanese defense expenditures adequate justify proposed US aid, and whether OSP major items such as aircraft feasible. On budget inclined to think Japanese will have to expend overtly or otherwise total of at least 180 billion yen for next fiscal year to justify US aid.

2. Ikeda expected admit inflationary threats and announce plans avert along lines Ikeda–Diehl conversation September 9. US will strongly indicate necessity contain inflation and suggest in all relevant contexts that US willingness help will be conditioned by Japanese internal policies. Direct link to US special expenditures not immediately practicable however. Expenditures individual soldiers

cannot be limited without serious morale problem. Impossible use procurement Korean rehabilitation as bargaining weapon because intend expend where best for Korea and do not know in advance to what extent Japan will prove most advantageous source supplies. That leaves various types procurement by FEC for military use in area. Exercise requisite control over expenditures various services is formidable task, doubtful if feasible turn orders on and off. Attempt runs danger discouraging procurement in Japan which Defense directives over period have sought develop. Effort exercise policy control this class expenditure should be pursued, and should give US some bargaining power in future particularly in relation OSP under MSP. Not usable for Ikeda talks except in general terms.

3. State–Treasury consensus that notwithstanding considerations set forth your 738 [5] preferable seek GARIOA settlement along straight financial lines. If in course negotiation it appears requisite to prompt settlement consideration can be given some form of your proposals D and E in terms statement US intention but not commitment over whole period repayment. Doubt that Japanese would agree 10 year repayment without stronger commitment on use proceeds than we are prepared to make. Agree discussion should be in terms lump sum rather than ratio and propose small part be available student exchange under Fulbright Act by funding on surplus property terms.

4. Foregoing raises question what Ikeda may be able to take back with him which will strengthen pro-American elements. Would appreciate your comments on importance to US policy in Japan that negotiation be successful from standpoint personal fortunes Yoshida and Ikeda. Apart from defense negotiation and possible understanding on military assistance following appear only positive possibilities:

a) Eximbank $60 million cotton loan. Unconnected Ikeda mission but may be possible while here.

b) Closing IBRD power loans. Political capital already dissipated.

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[5] Dated Sept. 21. (033.9411/9-2151) In this lengthy telegram the Embassy argued strongly against the recent decision of the NAC to negotiate with Japan on the basis of the German formula, partly because such a straight financial settlement would be difficult to distinguish from reparations and would be for a higher proportion of the claim (37 1/2 percent) than any of the reparations terms the United States was suggesting Japan negotiate with third countries. The Embassy suggested that instead the United States start with a fixed sum to be computed under some formula other than a percentage of the assistance rendered, that the payments be accelerated but interest-free, that the United States undertake to convert perhaps half the payments into yen to be spent in Japan (Embassy's proposal D), and that most of the remaining half be used for U.S. developmental loans in Japan and in Southeast Asia (Embassy's proposal E).

c) Some encouragement on additional $60 million IBRD loans when projects worked out, but nothing definite enough for announcement.

d) Small grant agricultural commodities under section 550 MSA. Conceivable but undesirable because would have to come out of military assistance funds.

e) Continued high-level special earnings.

f) Possible increase OSP military end-items.

This message being distributed but not cleared other agencies.

DULLES

No. 695

FE files, lot 55 D 388

Memorandum of Conversation, by the Secretary of State

SECRET [WASHINGTON,] October 5, 1953.

1. Senator Knowland, during his call at my office this afternoon, urged increasing pressure upon Japan to build up a large enough military establishment, so that we could take our own land forces out of Japan. He felt they would increasingly become a subject of irritation in Japanese goodwill.

2. He urged a clear position on Okinawa, namely, that we were going to hold it. I pointed out that, while there was no intention of giving up Okinawa, there were a number of problems to be worked out in terms of civilian administration and economic and monetary relation with Japan. I was reluctant to see us issue a statement on Okinawa until these matters had been agreed upon. I did not think that we could put Okinawa in a completely closed compartment without economic and social relations with neighboring islands and with acute problems on fishing, etc. Senator Knowland seemed to agree but felt on the whole that we must retain the civilian administration, and he doubted the practicability of using Japanese currency.

3. He asked what the terms were for our delivery of military supplies to the French. Did they get title or would we retain title so that if anything went wrong we could get the stuff back, not letting it fall into Communist hands if some new French Government tried to pull out and make a deal with Ho Chi Minh. [1]

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[1] For documentation on U.S. military assistance to French Union forces in Indochina, see vol. XIII, Part 1, pp. 1 ff.

No. 696

033.9411/10-553: Telegram

The Ambassador in Japan (Allison) to the Department of State

TOP SECRET PRIORITY TOKYO, October 5, 1953—7 p.m.

871. Reference Department telegram 797.[1] Following are my comments on Department telegram 797 in addition to Embassy staff comments in Embassy telegram 864.[2]

Department's message seems to me to raise many important questions and to indicate that Washington agencies are thinking in terms which hitherto have not been made clear to any of us in Japan, either civil or military. In recent talks with General Clark and high ranking members his staff whole emphasis has been on necessity of informing Japanese at earliest possible opportunity of United States intention to decrease number its forces in Japan and FEC staff had prepared for Clark's consideration announcement that United States would not request additional facilities to those they now have and in fact would look forward to increasing return of facilities to Japanese. Obviously no such statement can be made in good faith if policy of increase mentioned in Department telegram 797 is to be followed. Assume if United States forces doubled this would mean similar increase in number of dependents. Has Department considered effect this would have, not only on spread of inflation, but on generally increasing points of contact and hence irritation between relatively low living standard Japanese and high standard dependents?

I am also concerned over fact that reference telegram apparently based on assumption considerations therein can profitably be used as negotiating basis with Ikeda. Rather it seems to me policy of increase outlined in reference telegram means there must be urgent

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[1] Document 694.

[2] In telegram 864, dated Oct. 5, the Embassy emphasized that the Embassy as well as the Japanese had not known of the U.S. plan to increase U.S. forces stationed in Japan to four divisions, prior to the receipt of telegram 797. "They were told in Okazaki-Kimura-Allison-Clark meeting (see telegram 767 from Tokyo, Document 690) that we thought they should go to 300,000 but were not told we would in meantime nearly double our forces here. Nothing definite been said as to exact relationship between their build-up and our withdrawal but Japanese have always assumed this would occur *pari passu*." After lengthy analysis, the Embassy concluded that if this new plan was firm it would be necessary to take Japan further into U.S. confidence than had hitherto been the case, not just about purely military matters but about U.S. Far Eastern policy in general, including the problem of restraints on military initiatives by the Republic of Korea. Lastly, it would be necessary to point out that Japan would "raise sights considerably" on military matters, "not to obtain withdrawal as suggested reference telegram, but rather to deter aggression and provide security in dangerous times ahead." (033.9411/10-553)

and concrete effort educate Ikeda and through him Yoshida and other key figures in Japan as to necessity for build-up of United States forces here rather than decrease.

In last two months Japanese Government has made considerable strides forward in its thinking and action regarding increasing its own defense potentiality. Most recent indication of this is Yoshida-Shigemitsu announcement of agreement on defense program and on necessity revising present legislation to permit national safety force to become in fact "defense" force and have authority to repel aggression from abroad. It is probably difficult from Washington to realize what great step forward this is but to one sitting in Tokyo it is extremely significant. Only two nights before announcement, at farewell dinner for Clarks, Yoshida took me aside and spent some time detailing his worry over creation military caste in Japan. He admitted necessity of rearmament but pleaded for patience along same lines as did Inukai [3] to Parsons (paragraph 4 (b) Embassy telegram 849, October 2). [4]

If United States Government is convinced of necessity, from our own security point of view, of carrying out program generally along lines mentioned in Department telegram 797 I cannot too strongly emphasize necessity of, in some manner, making crystal clear to Japanese leaders reasons for this necessity. From things told me last night by Bullitt [5] just arrived en route Korea, I gather there is considerable feeling in responsible quarters Washington that time is running out and speed in building worldwide defense system is essential. If that is so, I have not been given enough information to enable me to argue persuasively with Japanese leaders to this effect, other than on basis of justifiable impatience of Congress which is furnishing funds. If Yoshida should go to United States I believe he should be told most frankly what situation is and I strongly recommend I be ordered home for consultation at same time in order that I may have benefit of latest United States thinking in even greater detail so I will be in position to back up Washington more effectively. Even if Yoshida does not go to United States I suggest such consultation would be worthwhile.

ALLISON

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[3] Ken Inukai, Minister of Justice and Superintendent of the National Police from May 21, 1953–Apr. 22, 1954.

[4] Not printed.

[5] William C. Bullitt had been Ambassador to the Soviet Union (1934–1936) and France (1936–1940).

No. 697

Editorial Note

In his diary notes for October 8, President Eisenhower discussed Japan as follows:

"In Japan there seems to be some hope that the Japanese will attempt to pick up some of the load and establish their own security organization. Their Constitution, adopted under General MacArthur's supervision, denies them the right to have military forces. But the time has come when they must become responsible for their own internal defense, even though to avoid frightening our other friends in the Pacific, we must always provide the naval and air strength required in that region by the free world." (Eisenhower Library, Whitman file, DDE Diaries)

No. 698

033.9411/10–953: Telegram

The Secretary of State to the Embassy in Japan [1]

SECRET
PRIORITY

WASHINGTON, October 9, 1953—6:31 p.m.

854. Following summary second meeting Ikeda October 7 [*8*]. [2] Nash [3] explained strategic situation Far East and U.S. thinking re Japanese force goals. From military viewpoint Soviet-Communist Chinese military threat Japan extremely serious. Japan most important prize in Far East. Our forces there protect Japan until it

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[1] Drafted by Hemmendinger.

[2] The First Session of the Ikeda talks was held on Oct. 5. According to the U.S. Minutes drawn up by Hemmendinger on Oct. 9, the session was devoted principally to Ikeda's exposition of the Japanese position on the major agenda items. Hemmendinger also drew up the U.S. Minutes of the Second Session, held Oct. 8. (Both in FE files, lot 55 D 388, "Ikeda Talks")

[3] According to the U.S. Minutes of this session, Nash opened his talk with a review of his recent trip to Europe. He is then recorded as saying:

"More important than anything else is the fact that it is now clear to the Soviets by virtue of the NATO alliance that if Western Europe is attacked, that means World War III. The actual forces in being, plus the U.S. strategic air force make clear that that is not a mere bluff. It is significant, I think, that the outbreak of aggressive war took place in the Far East just when the NATO alliance came into effect. Soviet power has a tendency to flow wherever there is a power vacuum and there was such a vacuum in the Far East. It had been indicated that Korea was not of strategic importance to the U.S. and Korea was weak. So the forces of aggression struck there rather than in Europe. In sum, I am convinced that the collective security effort has been paying off with great success. I cannot say that the threat is a thing of the past but it is by no means the matter of serious concern that it was three years ago." (Although these Minutes were written in the first person, they were intended to be summaries rather than verbatim transcripts.)

can do so. Soviets alone at least 500,000 ground troops in Eastern Siberia with airborne and amphibious potential; 5 to 6,000 war planes (jets, two-engine bombers with thousand-mile radius, and equivalent B–29's). Fighters could reach heart Japan only from South Korea. Light bombers have thousand-mile radius, heavy could range over whole Japan. Soviet problem for air attack would be fighter escort. For this reason aggression Korea great importance Japan. Threat temporarily halted but wherever power vacuum exists Soviets can be expected press. In June 1950 we thought Soviet time table short. It was interrupted and we now consider and European allies agree, time table extended and necessary maintain strength over long period. Japan cannot expect U.S. carry burden over long period with forces world over. We want withdraw forces from Japan just soon as Japan can take care own security. We will remain available to help.

Have concluded necessary force protect Japanese islands 10 divisions 325,000. Believe attack would be airborne and amphibious on Hokkaido and northern Honshu, establishing bridgehead through which ground forces could enter. After bridgehead air strips for fighter cover whole Japan. Indicates Japan needs not only ground force but small and highly modern jet interceptors, elaborate radar screen, anti-aircraft batteries and in time guided missile stations. Naval craft should be destroyer, destroyer escort and patrol craft appropriate attack on amphibious force. Soviet submarine real threat, indicate Japan needs minesweeping capacity.

Reply questions Nash stated deployment Soviet ground forces indicates availability forces for attack in Far East while maintaining defensive posture Europe. Taking Chinese Communists forces into account joint potential exists possibly overrun Korean and utilize 500,000 for attack on Japan. In this event would be double pronged attack from north and directly against Kyushu. This means 325,000 men strategically deployed among Japanese islands minimum. Jets should be all-weather fighter interceptors. Agree Ikeda suggestion aircraft carriers inappropriate at this time. Command Tokyo prepared discuss precise composition Japanese forces and other details. Would expect Japanese financial contribution U.S. forces would be reduced as rapidly as justified in light buildup Japanese forces and expenditures connected therewith. U.S. been planning some time and prepared render assistance military end items.

FOA representative [4] made following statement military assistance:

Subject congressional authorization U.S. prepared assist Japan develop forces to goals stated by Nash, and to be set forth more

[4] Richard N. Johnson, Deputy Director.

detail October 11 [*12*] meeting.[5] Referred to loan 68 vessels. Re Air Force, funds available U.S. FY54 MSP make start. View time element involved production such aircraft (particularly jets) most such aircraft probably not available two years. However some, including trainers, can be made available as soon Japanese personnel prepared use them. Hope possible initiate program pilot training soon MDAA becomes effective. Funds available U.S. FY54 MSP such training. Re ground forces matériel available earlier Defense appropriations complete initial equipping present force and go long way equipping two additional divisions. Draft legislation would authorize Secretary Defense transfer legal title this equipment Japan forces in being. Under proposed legislation transfer would have take place before June 30, 1954. Extension this period have to be examined relation U.S. FY55 MSP. Preliminary discussions under way re U.S. FY55 military assistance program. In order include recommendations re Japan to Congress Executive Branch needs be able state understanding reached with Japan on plans defense buildup and Japan's financial contribution. Intention this Government grant military assistance Japan same type considerations as determine grant assistance European countries. Force plans these countries reviewed in detail each year view establishing maximum annual force goals each country consistent its capability support such effort. Review includes analysis national defense budget, proportion GNP devoted defense, level taxation, inflationary pressures and capacity military production. Want deal with Japan comparable basis. Review coming year should take place soon as possible Tokyo in relation Japanese defense plans. General and Congressional reaction in Washington is Japan's contribution its defense not satisfactory. Actual level Japanese expenditures during past year about 100 billion yen, less than 2 percent Japanese GNP. Understand such expenditures this year will not be appreciably higher. View this Government Japan contribution can be approximately doubled under present economic circumstances. Increased industrial activity and resulting tax potential should mean greater share this income can be devoted defense. Congressional appropriations for military assistance Japan will quite properly depend Japanese making maximum feasible effort secure own defense.

Reply questions it was emphasized U.S. in general not planning defense support or economic aid for future, expect programs respective countries within own capacity support with only U.S. military end item assistance. Offshore procurement military end items definite possibility which we want develop with Japan. Recognize percentage GNP not absolute standard but taking all factors into ac-

[5] For U.S. Minutes of the Third Session, held Oct. 12, see *infra*.

count believe present Japanese difficulty more political than economic. Reference made also flow U.S. special expenditures.

Ikeda pressed questions re discrimination against Japan and was assured U.S. policy against economic aid of general application and no discrimination. Robertson explained U.S. also has budget problem and limited resources must be used wherever needed resist Communist aggression.

Robertson explained Korean situation, agreements with Rhee, fact U.S. reserves full freedom action re Korea if political conference fails, and not committed renew military action. ROKs have 17 divisions and want more with 20 million population. Problem exactly opposite that with Japan.

Ikeda referred fisheries dispute, Robertson emphasized not impossible deal with Rhee and U.S. belief both countries must negotiate issues good faith. U.S. cannot take responsibility for adjusting issues world over.

Next meeting October 12. Will reply Japanese questions re U.S. strategic deployment and continue discussion Jap defense plans. Ikeda is reported to have plan discussed with Yoshida and believe may present next meeting. Understand Jap reaction yesterday session was that basis understanding exists. They will want reach understanding here primarily on costs and phasing. No discussion yet U.S. troop strength in Japan or precise future plans these forces.

DULLES

No. 699

FE files, lot 55 D 388, "Ikeda Talks"

United States Minutes of the Third Session of the Ikeda–Robertson Talks [1]

SECRET [WASHINGTON,] October 12, 1953.

List of Participants

United States Side

Walter S. Robertson, Assistant Secretary
Robert J.G. McClurkin—NA
Noel Hemmendinger—NA
George Newman—S/MSA
Charles Sullivan—Defense
Norman Paul—FOA
William W. Diehl—Tokyo Treasury Attaché

[1] Drawn up by Hemmendinger on Oct. 15.

Japanese Side

Hayato Ikeda
Kiichi Aichi [2]
Kiichi Miyazawa [3]
Takeshi Watanabe [4]
Gengo Suzuki [5]
Mr. Murakami [6]

Mr. Robertson referred to the agreement at the last meeting that the Department of Defense would be prepared to discuss its thinking on Japan's forces in greater detail than the statement made by Mr. Nash.

Mr. Sullivan emphasized that the data he was about to give did not represent a completed study on air and naval forces, that they were preliminary and, as in the case of the ground force, were conceived as the minimum regarded as essential. The following air force is under consideration by the Joint Chiefs on recommendations of the Far East Command:

		No. of Planes	
	9 squadrons jet interceptors	225	
	3 squadrons all-weather interceptors	75	
	6 squadrons fighter bombers	150	
	3 squadrons tactical reconnaissance	54	
	6 squadrons transports	96	
	Total	600	

Taking into account reserve and maintenance the total amount of planes would be about 800 and the total personnel for such a force about 30,000.

The interceptor types cannot be determined until the actual time of turnover is known. They would probably be F-86. The transports would probably be the CI-19, so-called flying boxcar. We would expect to take three or four years to build up to the nine interceptor squadrons. In the current FY a start could be made on training, including two interceptor squadrons and a training school. The two squadrons would have about 75 aircraft. The type would depend on the availability to the Command at the time. The trainer would presumably be the T-33 jet trainer. It may be that some T-34 primary trainers could be included. Mr. Sullivan emphasized that he

[2] Parliamentary Vice Minister of Finance.
[3] Member, House of Councillors; personal assistant and interpreter for Ikeda.
[4] Minister at the Japanese Embassy.
[5] Financial Commissioner, Ministry of Finance.
[6] Kotaro Murakami, Chief, Legal Section, Budget Bureau, Ministry of Finance.

was stating planning estimates and that the actual implementation would be the responsibility of the field commander. For this reason it was impossible to be specific about the actual assignment of the equipment as this would depend on the availabilities to the field command at the time of delivery.

For Navy Mr. Sullivan mentioned 18 frigates, 50 landing craft (both of which are already on loan) and 40 mine sweepers. The personnel would be about 13,500. This is not a long-term program and can be handled as fast as the Japanese are ready. Mr. Ikeda said that the Japanese already have 10,300 personnel. He asked for further information on tonnage, crews, etc., and inquired whether any destroyers, destroyer escorts were omitted, as this type had been mentioned by Mr. Nash. Mr. Sullivan said that they were not included because this was an immediate program, that we would be glad to hear the Japanese ideas on a long-range navy program. We had not elaborated one because we felt that the Japanese in time could meet their own requirements.

The ground force, Mr. Sullivan said, is in our judgment the most important because we will have large air and naval forces in the area for some time. But if our current forces in Korea were redeployed we would not be able to keep any large ground forces available since it does not have the mobility of air and naval craft.

He also commented that we would believe it desirable to have a number of anti-aircraft battalions equipped with radar and anti-aircraft weapons. Most of this is presently purely U.S. There had been some discussion in U.S. circles of 19 anti-aircraft battalions.

Our thought on the buildup of the 10 divisions of 325,000-man ground force was 6 divisions by July 1, 1954, 8 divisions by July 1, 1955 and 10 divisions by July 1, 1956. On organization the U.S. division slice [7] is 20,000 plus. We are thinking of 17,000 plus for the Japanese. Mr. Ikeda referred to a division slice of 32,500 as resulting from figures previously mentioned on the U.S. side and said that the understanding that the Japanese had reached in Tokyo was that the NATO forces division slice ran around 18,000, some as low as 12,000. The National Safety Force people have reached the conclusion in their own minds that an appropriate division slice for Japan would be 18,600.

It was agreed that in order that these questions might be pursued further Mr. Robertson would seek to arrange a meeting as soon as possible with the Chairman of the Joint Chiefs of Staff, Admiral Radford, or such persons as he might want to represent

[7] A "slice" is an average logistics planning factor used to estimate requirements for personnel and matériel. It usually consists of the total strength of the basic combatant element plus its share of all supporting and higher headquarters personnel.

him. [8] Mr. Ikeda indicated the desire to pursue both at that level and in staff talks at a lower level. It was indicated on the U.S. side that we would not want to go into extensive detail since the U.S. is better prepared to do so in Tokyo.

It was also agreed that Mr. Ikeda would supply a written statement of Japanese views on defense forces before the next meeting, which the U.S. side could reproduce and study. [9]

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[8] For a partial summary of the Fifth Meeting of the Ikeda talks, held on Oct. 15, see footnote 2, Document 701.

[9] The statement is partially summarized in telegram 892 to Tokyo, Document 701.

No. 700

611.94/10-1353: Telegram

The Ambassador in Japan (Allison) to the Department of State

CONFIDENTIAL TOKYO, October 13, 1953—5 p.m.

940. Pass to Defense. Reference Embassy's telegrams 814 [1] and 820. [2] During course of visit to Justice Minister Inukai, who is now Acting Foreign Minister, on another matter he referred to my statements to him and Okazaki reported in reference telegram. Inukai said that he had recently had meeting with Japanese procurators from various parts of country and that in his talk to them he stressed importance of broad understanding of new administrative agreement provisions on jurisdiction and that he had urged them to "read between the lines" of agreement and to use utmost discretion in implementing agreement. . . .

ALLISON

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[1] Dated Sept. 29, not printed. (611.94/9-2953)

[2] Dated Sept. 29; in this telegram, Allison stated that he had spoken (after signing the protocol on criminal jurisdiction) to Okazaki and to Inukai, and had reiterated remarks previously made to Okazaki, "stressing our expectation that in actual practice Japan would wish exercise its right of jurisdiction in very few cases. Inukai appeared understand and will, I am confident, exert his influence along the right lines." (611.94/9-2953)

No. 701

033.9411/10–1453: Telegram

The Secretary of State to the Embassy in Japan

SECRET WASHINGTON, October 14, 1953—6:15 p.m.

892. No meeting held October 13. Fourth meeting today on internal economic questions. [1] Further discussion defense October 15.

Following is summary Ikeda's personal study Japan's defense program, reflecting general up-to-date thinking Japanese Government but not official or final, presented Robertson October 13.

Goals (1) land forces—in three years 180,000 constituting 10 divisions and two artillery and tank groups; (2) Naval—210 vessels (156,550 tons) in 5 years including 103 patrol boats, 74 escort vessels (26 DDEs and 48 DEs) and 31 minesweepers. Personnel 31,300; (3) Air—518 aircraft in 5 years consisting two wings jet fighter-bombers (150 F84 Gs), one wing jet all weather fighters (36 all weather F94Cs) plus some 300 trainers. Personnel 7,600; (4) Air base forces—air control and warning groups and one air base supply wing in five years. Personnel 13,000; (5) Cost—901.1 billion yen. Japanese share 621.1 billion yen, balance US.

Explanation. (1) Land forces—Reduce division slice from 27,500. 18,000 proper level. Eliminate unnecessary overhead, bulk, supply, maintenance, medical group and cut by 1/3 small arms groups. Maintenance by civilian industries. Propose reorganize 110,000 into 5 divisions each consisting 12,000 combat personnel. 180,000 will constitute 10 divisions plus 2 groups artillery, tanks and miscellaneous rear groups. Expenditures foregoing 482.7 billion yen to be expended by end March 1957. Japanese cost 345.5 billion yen; US 137.2 billion yen. In JFY 1954 by recruiting 24,000 persons and reducing division slice, propose increase 3 divisions with strength 134,000 personnel constituting in total 7 divisions with group artillery, tanks etc. Cost JFY 54 92.6 billion; Japanese share 65 billion yen; US balance.

(2) Naval—Purpose protect sea routes. Necessity of sharing this burden. Japan concentrate sea routes indispensable its foreign trade. (50% DEs necessary direct escort in areas 72 hour voyage). Recognize desirability anti-submarine task forces but must concentrate direct convoy forces. Desire US transfer 14 DDE 2050 ton class and 25 DE; Japan build 12 DDE 1500 ton class, 23 DE, 31 minesweepers, 35 submarine chasers and 2 supply and repair ships. Expenditures JFY 54–58 be 263 billion yen. Excluding transfer ves-

[1] Hemmendinger's minutes of this meeting, drafted on Oct. 16, are in FE files, lot 55 D 388, "Ikeda Talks".

sels US Japanese share 190.5 billion yen; US balance. In JFY 54 desire transfer 4 DDE and 8 DE from US; Japan build 4 minesweepers. Increase personnel 5400. Expenditures 41.2 billion yen; Japanese share 18.5 billion yen; US balance. 2 guard ships 1500 tons, 4 minesweepers and 1 supply ship to be built JFY 1953 appropriation.

(3) Air—Immediate emphasis on training. First three years—require 200 primary trainers, 50 basic trainers and 50 jet trainers. Fourth and fifth year plan 2 wings jet fighter bombers (150 air craft), 1 wing jet all weather fighters (36 craft), patrol planes (16) and group transports (16). Total expenditures 84.2 billion yen. Assuming planes for initial use and replenishment supplied by US, Japan's share 50.1 billion yen; US balance. JFY 53 budget contains appropriation 100 primary trainers, JFY 54 desire transfer from US 100 primary trainers and 50 basic trainers. Expenditures JFY 54 5.7 billion yen; Japan's share 3.7 billion; US balance.

(4) Air base forces. Organize air-control and warning groups in first three years and 1 air base wing in fourth and fifth years. Personnel—13,100. Total expenditures 71.4 billion yen. Assuming US facilities and equipment in Japan be transferred Japan, Japanese share 35.2 billion yen; US balance. JFY 54 expenditures 4.5 billion yen; Japanese share 1.7 billion yen; US balance.

(5) As Japanese defense forces increased, expected US forces decrease. Assuming all US forces except part air and naval forces will withdraw by end JFY 1958, requested that Japanese defense contribution be reduced from 62 billion yen to 12. [2]

DULLES

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[2] In telegram 907 to Tokyo, Oct. 15, Hemmendinger summarized the Fifth Meeting of the Ikeda talks, held that day. The section concerning U.S. reaction to the Ikeda defense plan concludes as follows: "United States summarized plan inadequate all three categories, therefore difficult express opinion any particular part. Best balance when total inadequate extremely difficult question. Expressed preference further military discussions Tokyo. Ikeda emphasized political problem and economic support. Asked if assumptions in plan re United States share costs acceptable. United States side indicated hopeful not so far apart on force goals that question could not be fruitfully pursued further in Tokyo." (033.9411/10–1553) Hemmendinger also prepared minutes of this meeting (drawn up Nov. 6). (FE files, lot 55 D 388, "Ikeda Talks")

No. 702

794.00/11-553

Memorandum of Conversation, by the First Secretary of the Embassy in Japan (Leonhart) [1]

CONFIDENTIAL [TOKYO,] October 15, 1953.

Participants:

Foreign Office	*Embassy*
Mr. Iseki	Mr. Berger
Mr. Seki	Mr. Finn
Mr. Yasukawa	Mr. Leonhart

1. Last evening the group, above, met for dinner and an evening's conversation at Mr. Berger's [2] home. The evening had been arranged as an opportunity for a frank and informal exchange of ideas in a non-negotiating, non-transactional atmosphere. The talk was relaxed, speculative, and largely uninhibited. Ideas seemed to get through the veil of official restraint and politeness that most of us encounter most of the time with our Japanese counterparts. As for the Japanese side, they ordered their car for 9:30 and left at 11:45. They appeared to enjoy the evening and would like it repeated.

2. The following seemed the pivotal ideas expressed by the Japanese officers:

a. There is a tradition of, and an increasing awareness of the need for, strong government in Japan. The country is too poor, beset by too many problems, to afford the luxury of weakness and indecision in its political direction. The logic of events thus tends toward strong government. The question is whether a strong government comes from the right or from the left.

b. The left in Japan can come to power, short of war, only as a function of economic depression, but if a serious depression should occur, the left would almost certainly win a parliamentary victory. That it could hold power by parliamentary means—in the face of a right counter-attack and its own weaknesses—is doubtful. How long a left government in office would continue to respect constitutional guarantees in this power situation is equally uncertain.

c. There are reserves of strength in Japanese conservatism which at present are not fully tapped or organized but which provide at least a potential solidity for the right. The Japanese left can be shattered; the Japanese right probably cannot. Thus far, the concept of class consciousness has not proceeded far in Japan. The awareness of "being Japanese" is still far more pervasive and uni-

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[1] This memorandum is the enclosure to despatch 797 from Tokyo, Nov. 5. (794.00/11-553)

[2] Samuel D. Berger, Counselor of Embassy.

fying than the consciousness of separate and division membership in capital or labor. Over a longer run, this sense of "Japanese-ness" will work to the benefit of the right.

d. The Imperial institution still provides an ultimate source of allegiance and intervention. The Emperor's influence must be sparingly used, but in an extreme situation his role could again be decisive. This influence is to be measured in extra-constitutional terms, but it is a power factor.

e. The course of Japanese foreign policy is firmly and unshakeably set for cooperation with the United States "over the next three or four years." After that, Japan will want to think things out for itself.

f. American economic assistance, while making possible the tremendous post-war recovery of Japan, is today a mixture of help and hindrance. It has removed incentive to take the corrective actions needed if Japan is to live within its own means. The U.S. should accordingly reduce its dollar expenditures in Japan, but "it should do so gently."

g. U.S. policy toward Japan has fluctuated too widely. During the Occupation the U.S. intervened too much. Since the Occupation, the U.S. has not intervened enough. The U.S. should not hesitate to attach conditions to its aid, but, in doing so, it should make it clear that decision is up to Japan: "If you want x, you must do y, but whether you want x is for you to decide." Similarly, there need to be more joint institutions (both official and informal). The model of the Administrative Agreement's Joint Committee is useful; it should be extended to other fields—defense, information, policy. At the top, liaison between the two governments is cordial and close, but it should be extended to the staff levels. The working levels of the Japanese Government need and would welcome greater association with American officials.

No. 703

794C.0221/10-2053: Telegram

The Ambassador in Japan (Allison) to the Department of State

SECRET TOKYO, October 20, 1953—7 p.m.

1001. Okazaki spoke to me this morning regarding timing of return of Amami-Oshima group. He said special Diet session would convene about October 29 or 30 and it would be necessary to present budget for coming year's expenses in Amami-Oshima, as well as legislation governing those islands. While it would not be necessary to include definite date of going into effect on legislation, it would be necessary to explain to Diet probabilities in this connection and government hoped it would be able to say islands would be returned on or about December 1. I told him I could give

him no definite information in this connection, but hoped it would be possible to meet his desires.

I referred to necessity of reaching agreement on military facilities to be retained and I told him frankly that one of difficulties was close relationship which Amami group bears to security of Okinawa and necessity of devising some method of insuring that future developments would not menace that security. Okazaki appeared most understanding and said he was certain Japanese Government would go to great lengths to meet American desires. He asked whether or not it was possible for United States military to list type of rights or facilities it might need in future and said that if this could be done, he felt definite agreement could be reached; that Japanese Government would at any time be willing to negotiate with United States Government arrangement for such rights or facilities. I said I hoped this could be done and that we were earnestly looking into matter.

I believe Okazaki reflects true cooperative attitude of Japanese Government toward this question and that if we approach them on reasonable basis, we can obtain all legitimate needs. However, if we demand everything in writing in first instance, thereby indicating to Japanese our distrust of their good will, I seriously doubt that present cooperative attitude will be maintained.

ALLISON

No. 704

033.9411/10-2053: Telegram

The Secretary of State to the Embassy in Japan [1]

SECRET WASHINGTON, October 20, 1953—7:22 p.m.

937. Ikeda Discussions. [2] Over weekend Takeuchi approached Young and McClurkin separately expressing concern over discus-

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[1] Drafted and approved for transmission by McClurkin.

[2] In telegram 915 to Tokyo, Oct. 16, drafted by Hemmendinger, the Department summarized the Sixth Meeting of the Ikeda talks, held the previous day, at which several economic issues were discussed. The section on GARIOA reads:

"US urged agreement be reached during Ikeda talks on time and place settlement and settlement provide repayment agreed amount with interest over agreed period along straight financial lines. Ikeda said did not have authority enter into settlement but did have authority agree time and place meeting. Commented proposal made Dodge San Francisco was on assumption no reparations provided Peace Treaty, must take into account reparations, defense and other burdens. Hopeful reach general understanding these matters as package present talks. Robertson said would expect settlement take all factors into account but cannot expect settlement all problems at once."

Continued

sions especially US insistence early GARIOA settlement. He emphasized Ikeda burned bridges in coming and politically could not afford go home with nothing but onus for agreeing commence GARIOA negotiations.

Takeuchi, Aichi, Watanabe and Miyazawa morning October 19 brought paper [3] to McClurkin, Hemmendinger, Cronk setting forth Japanese position on items under discussion. Following points developed from paper and subsequent discussion:

(1) Japanese likely resist strenuously any effort induce them spend more on defense than contemplated Ikeda's plan;
(2) Believe they might like reach agreement here with US Government on financial and political limitations defense program so Far East Command and Japanese military can proceed work out best possible plan Japanese forces;
(3) Re Mutual Security Program they want (a) general commitments re military assistance; (b) statement our willingness in principle withdraw US forces and reduce Japanese contribution support our forces as they build up own; (c) target figure for offshore procurement; (d) $50 million surplus commodities under Section 550 Mutual Security Act [4] with counterpart yen used for construction strategic roads or advance payments develop munitions industry; (e) some form economic assistance under Mutual Security Program with accompanying conclusion economic aid agreement to parallel Mutual Defense Assistance Agreement.

In conference with Robertson October 19 [5] Ikeda and party presented same paper and pressed strongly for economic assistance indicating Japanese willingness discuss ground force above 180 thousand, in return for such assistance. When pressed on GARIOA Ikeda reversed previous statements and said he is in position negotiate on all issues short only of formal signing agreement. However felt sure Japanese Government would carry out any agreement he made. He said all issues should be considered together as package.

US side preparing package proposal for formal meeting with Japanese October 21 involving: ground force increments 10,000 JFY-53; 40,000 JFY-54; 40,000 JFY-55; Japanese defense budget 200 billion yen JFY-54; 235 billion JFY-55; $100 million OSP under MSP;

In conclusion the Department stated: "Reference all questions discussed Ikeda indicated desire submit package analysis in next day or two. Now evident Ikeda main object discuss economic issues as package and receive assurances economic support. Believe clear to Japanese military issues cannot be pursued here much farther." (033.9411/10-1653) The U.S. Minutes of the Sixth Meeting, drafted by Hemmendinger, bear the drafting date "11-53". (FE files, lot 55 D 388, "Ikeda Talks")

[3] This paper is an Annex to the U.S. Minutes of the Seventh (informal) Meeting of the talks, held on Oct. 19, neither printed. (FE files, lot 55 D 388, "Ikeda Talks")

[4] For text of P.L. 118, the Mutual Security Act of 1953, approved July 16, see 67 Stat. 153. For the excerpted text of Section 550, accompanied by an exposition of the surplus commodity program, see Department of State *Bulletin*, Nov. 9, 1953, p. 638.

[5] Reference is to the Seventh Meeting.

$50 million Section 550 of which $40 million for OSP and $10 million for investment munitions production; GARIOA $850 million with interest 35 years. Economic aid agreement would be concluded to cover $10 million investment munitions production. Foregoing discussed other agencies but US presentation to Japanese not finally determined.

No formal meetings between October 21 and 28 due absences Robertson and Ikeda. Hopeful staff conferences will permit conclusion talks on or about 28th.

DULLES

No. 705

794C.0221/10–2153

Memorandum by the Assistant Secretary of State for Far Eastern Affairs (Robertson) to the Under Secretary of State (Smith)

SECRET [WASHINGTON,] October 21, 1953.

Subject: Status of Arrangements for Transfer of Amami Group to Japan

1. State and Defense have agreed on October 15–November 1 as the target date for the actual transfer.

2. Representatives of the Far East Command and the Embassy have had a series of meetings in Tokyo.

3. Joint FEC–Embassy recommendations with respect to the fiscal and administrative arrangements have received staff level approval by the Departments of State, Defense and Treasury with only minor changes.

4. Dissenting recommendations with respect to the retention of military rights in the Amami group were received from the Embassy on October 14. [1] The message from the Far East Command was received in the Department on October 16. [2]

5. The Embassy urges the application of the Security Treaty and the Administrative Agreement to the Amami group. However, language in the notes effecting the transfer would take account of the special strategic relationship of the Amami group to our position in the rest of the Ryukyus. Unpublished minutes would spell out additional rights which the Far East Command considers desirable, insofar as we can persuade the Japanese to agree to them.

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[1] In telegram 957 from Tokyo, Oct. 14, not printed. (794C.0221/10–1453)

[2] In telegram DEPTAR–FEC OM CX 65522, not found in Department of State files.

6. The Far East Command urges, and it is our understanding that the Joint Chiefs of Staff will support, an arrangement whereby the United States is given a blank check to take any property needed at any future time, [3] and a special arrangement outside of the Security Treaty and the Administrative Agreement granting the United States rights in the Amamis beyond those in the Administrative Agreement.

7. The Embassy's position is that the application of the Administrative Agreement provides adequate protection for the acquisition of additional areas and facilities and for United States rights in such areas, that it would be impossible to obtain Japanese concurrence to the FEC plan, [4] and that any attempt to negotiate on the FEC basis will result in long and bitter wrangle and will nullify the excellent psychological effect which accompanied the Secretary's announcement.

8. We intend to attempt promptly to narrow the areas of disagreement with Defense and then submit the remaining issues to the Operations Coordinating Board or the National Security Council for final determination.

9. Following the policy decision, negotiation of the terms of the transfer with the Japanese Government can immediately commence.

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[3] In a memorandum to the Secretary of Defense dated Oct. 16, entitled "Military Requirements in the Amami Island Group", the Joint Chiefs in part listed the rights they believed the United States should retain in the Amamis. One subparagraph reads: "b. Procurement by the Government of Japan of such additional land in the Amami Islands as the United States may determine as being required for the protection of its military security interests on Okinawa." (794C.0221/11-1053)

[4] In telegram 957, the Embassy commented on this point: "No Japanese Government could survive such an arrangement and if it was our intention to relinquish islands on this basis, we should never have made announcement."

No. 706

033.9411/10–2253: Telegram

The Secretary of State to the Embassy in Japan

SECRET WASHINGTON, October 22, 1953—6:34 p.m.

958. Our 937. October 21 Ikeda meeting cancelled. Following proposals made Japanese as package by memorandum October 22. [1]

1. US opinion that for JFY 54 US military assistance cannot be defended to Congress unless Japan's budget for defense expenditures of order of 200 billion yen and for JFY 55 235 billion.

2. Suggest conferees tentatively accept ground force objective approximately 325,000 to 350,000. Exact composition and time-phasing Japanese forces to be worked out Tokyo including most appropriate division available yen funds and US military assistance among three forces. US recommends Japan consider ground force increase of 24,000 during JFY 53 and 46,000 during JFY 54, thus reaching 180,000 by end JFY 54.

3. Suggest Japan construct smaller and lighter naval vessels. US willing consider supplying destroyers, destroyer escorts on loan basis.

4. US thinks proper Japan's contribution support US forces diminish as justified by development Japan's forces.

5. Contemplated given Japanese program such as above US would be able withdraw forces as Japanese forces develop capability defend Japan.

6. Although Japan eligible for economic assistance under US legislation emphasize economic assistance given only basis need, US policy encourage countries develop only such forces as can support, no funds requested or appropriated for economic assistance Japan and could be made available only sacrifice other programs and Japan presently favorable balance of payments position. Therefore no justification economic assistance.

7. OSP under MSP for current USFY depends Japanese buildup, military assistance program to be agreed and ability procure on proper terms. US agencies have tentative target figure $100 million. [2]

8. $50 million reasonable target figure under Section 550. Minimum $40 million local currency proceeds used for military OSP. This $40 million included in $100 million OSP. Possibility portion $40 million local currency could be used develop munitions produc-

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[1] The memorandum is dated Oct. 21. The introduction states that the proposals "are conceived as a whole and do not stand independently of one another." (FE files, lot 55 D 388, "Ikeda Talks")

[2] The pertinent sentences in the memorandum of Oct. 21 read: "The actual amount of offshore procurement in Japan under the Mutual Security Program for the current United States fiscal year depends upon the scope and rate of the Japanese defense buildup, upon the military assistance program for Japan which may be agreed upon, and upon the ability to procure the desired end-items upon proper terms. The United States agencies involved have a tentative target figure of $100 million in mind."

tion by advance against deliveries requires further study. US willing make available up to $10 million local currency help develop industrial mobilization base Japan. Special agreement necessary cover requirements Section 550 and related defense support activities.

9. US prepared help reparations settlements through diplomatic offices if useful and consider any role can properly play connection relating reparations economic development. US recognizes importance increase trade Japan and Southeast Asia, prepared discuss specific ideas Japan may develop re role of Japan in increasing trade and economic development. This subject should not delay understandings on agenda items.

10. US understands Japanese desire maintain no stricter export controls than European, but considers important maintain high level of control until can be relaxed with impunity. Have agreed number deletions embargo list but will appreciate continued Japanese cooperation.

11. Propose general agreement during present discussions for GARIOA settlement whereby Japan would repay $750 million with 2½ percent interest 35 equal annual installments approximately $43 million of $750 million to be settled surplus property terms. Proposed meeting Tokyo about November 15 finalize and sign necessary documents.

12. US regards more vigorous measures resist inflation and maintain Japanese competitive position as essential to effective cooperation between two countries.

End summary memorandum.

Nothing said re precise timing US force withdrawal or rate and scheduling diminution Japanese contribution US forces.

DULLES

No. 707

033.9411/10-2453: Telegram

The Secretary of State to the Embassy in Japan [1]

SECRET WASHINGTON, October 24, 1953—3:53 p.m.

976. Our 958, [2] your 1041. [3] Discussion United States package our 958 with Ikeda staff October 23.

1. Re military questions United States conferees explained basic concept reach understanding here on Japanese budgetary expenditure for defense and phasing ground force buildup to 180,000 with 325,000 goal to be generally agreed but not in terms timephasing. Japanese objected firmly proposal further buildup current Japa-

[1] Drafted by Hemmendinger.

[2] *Supra.*

[3] Not printed. (033.9411/10-2353)

nese fiscal year saying implied supplemental appropriation out of question. For JFY54 reiterated Ikeda proposal 24,000. United States expressed serious disappointment, invited better proposal. Re defense budget 200 billion yen Japanese indicated too high but reaction not strong as in case proposed increment current fiscal year.

2. Re Japanese contribution United States forces and United States withdrawal Japanese told reduction contribution not necessarily connected rate United States withdrawal but would be connected scale Japanese defense effort. This was answer Japanese wanted. Re withdrawal United States said commencement withdrawal would not necessarily await achievement full 325,000 and impossible state now point of commencement or rate, which would depend not only size but combat readiness Japanese forces as well general strategic situation. Japanese did not press for more precise statement.

3. Japanese pressed how far United States proposals stand or fall together, particularly whether 200 billion yen figure merely estimate Congressional attitude or position present negotiation. Told definite understanding this phase appears essential, as Congress will have to be satisfied actual Japanese effort and as it clear 200 billion yen buy more defense than 155 billion yen expenditures this Japanese fiscal year.

4. Japanese sought explanation $100 million target OSP and $50 million Section 550. Chief interest latter appeared to be not amount available for defense support but principle. Indications are Japanese will seek standard economic assistance agreement this connection. See separate message replying Tousfo 1. [4]

5. Re GARIOA Japanese questions involved precise legal status and amount obligation and possibility relating payments United States expenditures Japan. Amount claim to be pursued further next week with object on United States side clarifying discrepancy United States and Japanese figures but not reconciling accounts. Will insist that as German case write-down eliminates accounting questions.

6. Connection discussion Japanese budget Japanese sought United States views re balance-of-payments. Were given United States estimate reflecting prospective United States special expenditures $900 million current Japanese or United States fiscal year and $1 billion following year (in terms expenditures not contracts). Suzuki argued if estimates based $800 million estimate last year figures $100 million too high by reason confused accounting. Point to be explored further, request comments. Japanese indicated con-

[4] Not found in Department of State files.

cern over ability support forces when built, lack United States commitments continued support and less optimistic estimates than United States re financial position several years hence.

7. In giving estimate special expenditures United States conferees emphasized based Japanese execution internal measures (paragraph 12 our 958) since essential Japanese be able sell competitively to United States Government as well commercial exports.

Re your 1041 proposals as made (our 958) vary from version on which you commented, but assume comments generally applicable and even more so re ground force phasing. [5] Situation still unclear but Japanese have not questioned attempt reach definite understanding here on defense budget and ground force buildup and have not pressed for precise time-table on United States withdrawal. Principal question is whether Japanese counterproposals re budget and ground force buildup will afford basis understanding. If we have to accept Japanese buildup at rate heretofore discussed will be serious question our ability defend before Congress program for Japan for fiscal year 1955.

Appreciate potential importance United States commitment on early commencement withdrawal but any commitment that could now be made would fall short Japanese desires. Anticipate Ikeda may be willing settle for general statement in communiqué.

Re GARIOA strong preference here straight financial settlement makes impossible connect other matters although possibility not completely precluded as negotiation progresses. [6]

Re last sentence your 1041 [7] our statement paragraph 7 above appears strongest feasible in view lack flexibility these expenditures. Importance internal measures has been repeatedly emphasized and foundation laid any sanctions which may in future be feasible.

Discussions continue October 26 staff level.

DULLES

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[5] In telegram 1041, the Embassy stated: "If Ikeda could be offered the prospect of a reduction in US forces *pari passu* with an increase in Japan's, I think Ikeda and the government could be persuaded to go substantially further in the direction of our manpower and budget totals."

[6] On this subject, the Embassy commented in telegram 1041: "In regards GARIOA, straight financial settlement of 850 million will seriously injure prestige of present government, hurt Yoshida's efforts to form a coalition, and thus weaken government's ability to push through desired defense build-up. Therefore we continue believe strongly that part of approach recommended Embassy telegram 738 should be fitted into settlement." See footnote 5, Document 694.

[7] In the final sentence, Allison offered the personal comment that he believed the Department, in the Ikeda talks, had not made it clear "that we mean to take action to restrict special dollar expenditures in Japan unless positive steps are taken to correct their deficiencies in economic policies."

No. 708

033.9411/10-2853: Telegram

The Secretary of State to the Embassy in Japan [1]

SECRET
PRIORITY

WASHINGTON, October 28, 1953—10:40 p.m.

1009. Pass CINCUNC. Further discussions with Ikeda group indicate they not willing enter into definite understanding re amount Japanese defense budget in subsequent fiscal years. Re ground forces buildup best Japanese suggestion so far is 24 thousand Japanese fiscal year 1954 and 46 thousand additional by summer 1956.

Ikeda says he does not want argue amount GARIOA settlement but insists timing agreement before end of year disastrous and definite possibility Diet would refuse authorization to Japanese Government to incur this debt. Says also settlement while reparations under negotiation very likely increase reparations claims. He willing agree negotiate in near future but with timing left vague.

No important issues other points. Secret memorandum/understanding and joint press communiqué in preparation. Robertson and Ikeda will discuss key points defense buildup and GARIOA again October 29. According present plans Ikeda leaves Washington Friday, October 30.

Urgently request Embassy evaluation political implications GARIOA settlement this year. Also request Embassy and Command comments what timetable on buildup ground forces is worth trying to get in writing in present talks whether in secret memorandum/understanding or public communiqué. Specifically which of following would be acceptable and what would be Embassy and Command judgment re order preference? (1) Omit entirely (2) include US expression of desirable goal of 325 to 350 thousand with Japanese noting and indicating general willingness move that direction (3) 180 thousand goal reached by March 31, 1956 through 35 thousand increments Japanese fiscal years 1954 and 1955 (4) Japanese proposal cited above.

DULLES

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[1] Drafted in NA and concurred in by the Defense Department.

No. 709

794C.0221/11-1053

Memorandum by the Assistant Secretary of State for Far Eastern Affairs (Robertson) to the Under Secretary of State (Smith) [1]

SECRET [WASHINGTON,] October 29, 1953.

Subject: Status of Arrangements for Transfer of Amami Group to Japan.

1. State, Defense and Treasury have reached staff level agreement on the fiscal and administrative arrangements involved in the transfer of the Amami group to Japan.

2. State–Defense agreement at the staff level has been reached on the text [2] of the exchange of notes between the United States and Japan effecting the transfer. The United States note will contain a unilateral declaration that we do not intend for the present to modify the degree of control and authority we now exercise in the rest of the Ryukyus, "pending the establishment of enduring conditions of peace and stability in the Far East." [3] The original NSC language was ". . . during the present international tensions in the Far East." [4]

3. In place of the JCS–FEC proposal for special arrangements in the Amami group outside of the Security Treaty and Administrative Agreement, FE has proposed to Defense an enclosure to the exchange of notes which would provide for the application of the Security Treaty and Administrative Agreement to the Amami group but at the same time establish Japanese recognition of the unique strategic relationship existing between the Amami group and Okinawa. Within this framework FE proposes to spell out in unpublished minutes certain of those special rights in the Amami group desired by the JCS which are believed to be politically negotiable and which are not considered to be clearly stated in the Administrative Agreement. Such minutes would cover United States access to air space and territorial waters, permission to conduct site surveys and to remove devices interfering with the United States radar system, and the interchange of radar positions. The effective-

[1] Attached to a memorandum from Robertson to the Under Secretary dated Nov. 10, not printed.

[2] This draft text, not printed, is also attached to the memorandum cited in footnote 1 above.

[3] Language along these lines had been suggested by the Joint Chiefs of Staff in their memorandum to the Secretary of Defense dated Oct. 16. Regarding the JCS memorandum, see footnote 3, Document 705.

[4] The draft from which this quotation is taken has not been found in Department of State files. Ellipsis in the source text.

ness and protection of the United States radar system in the Amami group is the primary concern of the JCS. A second enclosure would provide for our retention of the facilities we now hold and any additional facilities the JCS think we may need in the future.

4. Defense liked our proposal and is submitting it to the JCS.

5. Our proposal has met with the approval of the Embassy. The Ambassador had informed us earlier that the Japanese Government is aware of the strategic problem involved and will go to great lengths to meet legitimate United States needs so long as an unbearable political problem is not created for them.

6. The JCS are expected to consider our proposal within the week. If further delay is encountered, we shall ask you to take the matter up directly with Defense. [5]

[5] Documents in file 794C.0221 for November 1953 indicate that a U.S. negotiating position along the lines set forth in this memorandum had been approved by the Secretary of State and the Department of Defense by Nov. 20. On that day draft texts of the U.S. note, together with drafts of three enclosures and a draft of unpublished minutes, were transmitted to the Embassy in telegram 1212 to Tokyo, as a basis for negotiations. (794C.0221/11-2053)

No. 710

033.9411/10-2953: Telegram

The Ambassador in Japan (Allison) to the Department of State

SECRET NIACT TOKYO, October 29, 1953—9 p.m.

1110. Reference Department's telegram 1009, [1] which received only late afternoon. Following are Embassy comments as FEC regretted time too short present coordinated views:

1. If in interests of speed I may repeat substance paragraph 9, Embassy telegram 1088 [2] I think we have pushed Japanese as hard as is wise and what is required now is a respite to let them digest significance of our views. [3] From over-all point of view our objectives and US-Japanese relations wind-up communiqué should indicate: (a) Exchange of views was profitable; (b) no agreements

[1] Document 708.

[2] Dated Oct. 27, not printed. (033.9411/10-2753)

[3] In paragraph 9 of telegram 1088 Allison also stated: "As Department is aware this is first time Japan told precisely what we want." Elsewhere in the telegram, the Ambassador mentioned learning from Izeki the latter's conviction that Yoshida probably would not visit Washington because a conservative political coalition had not yet been formed and because "Ikeda talks proved more than exploratory and produced definite US position which involves little or no political kudos for Prime Minister."

reached; and (c) intention resuming discussions at an early date. Important (b) be included since Ikeda will be charged with entering secret understandings and will need this. Okazaki in appearance before Diet Foreign Affairs Committee yesterday has already started putting out line that negotiations were only exploratory by denying that Ikeda has submitted any rearmament plan.

2. On ground-force build-up our order of preference is 1, 4, 3, 2 (your 1009, last paragraph). For reasons in paragraph 1, I believe it should be omitted entirely from any understanding or communiqué. Japanese ready to go ahead and preference 4 or 3 will only commit us to a ceiling and either tie our hands or put on us onus of once again pushing Japanese do what they themselves should do in own interest. There is nothing to be gained by committing ourselves now rather than a month or two months hence to preference 4 or 3. There is nothing to be said in my opinion for preference 2. We may at some point have to agree for time being to 180,000 but if so it would be preferable to have this come up from the Japanese side in the course of the next few weeks or months than as a result of what will be interpreted as American pressure on Ikeda in Washington. Believe actually pressures in Japan to settle problem on nation's future security likely increase and conservative elements who now know what we want and why will become increasingly uneasy at lack of agreement on force goals.

3. Regarding GARIOA. I think it is impossible to get a settlement by the end of the year, and Ikeda is right in saying the Diet would repudiate it. Government in next two months will have to deal with consequences of rice crop failure.[4] It would be suicidal for government to agree pay us at time it was resisting powerful Diet and public pressure to increase appropriations for farmers' relief.

4. Department knows my views on difficulties under any circumstances of getting GARIOA settlement, especially one on straight financial lines. However, I think Department should not let this occasion pass without some definite indication of our serious intention not to let matter drag out any longer. I therefore suggest Ikeda be told that we expect government will make provision in FY 1954 budget either for fixed amount or blank amount. Budget now in intermediate stage of drafting contains provision only for reparations. If we get at least this put before Diet it will be gain in sense that it will be a recognition that GARIOA is now on agenda. Ikeda might also be told that we will present a note later asking

[4] In telegram 1099, Oct. 28, the Ambassador reported on an estimated decline of two million tons in the current rice crop. "This will have adverse effect on national income, agricultural purchasing power, and balance of payments position." (033.9411/10-2853)

for time to be fixed for negotiations. However, while as stated Embassy telegram 614 [5] GARIOA requires urgent settlement as matter of major importance which could lead to serious repercussions if not settled soon, nevertheless if we have to choose between GARIOA and force goals obviously latter of more importance to fundamental US objectives.

5. One reason for proposals in this telegram is that next two months will be crucial time for conservative forces and coalition maneuvers. It is desirable that coalition maneuvers should take place at same time as our views are being digested here.

ALLISON

[5] Document 684.

No. 711

611.95B/10-3053

The Secretary of Defense (Wilson) to the Secretary of State

SECRET WASHINGTON, October 30, 1953.

DEAR MR. SECRETARY: The Joint Chiefs of Staff, in a memorandum to me dated 9 October 1953, [1] referred to recent developments in connection with the fisheries dispute between Japan and Korea, and to actions by the Republic of Korea which have worked to the disadvantage and embarrassment of the United States Government and the Commander-in-Chief, United Nations Command.

There are several specific points made in the Joint Chiefs of Staff memorandum, a copy of which has previously been made available to your staff and an additional copy which is inclosed for your information. Specifically, the Joint Chiefs of Staff point out that the action of the Republic of Korea in re-establishing the so-called Rhee Line and the seizure of Japanese vessels constitutes a challenge to the authority and responsibility of CINCUNC which, if not effectively countered, might undermine the UNC–ROK Command relationship. The Joint Chiefs of Staff also point out that no public announcement of the United States position, which regards the Rhee Line as contrary to international law, has ever been made. An additional point of considerable significance is the dangerous precedent which the Rhee Line might set and encourage other countries in the area, such as Communist China, to undertake against Japanese fishing vessels on the high seas.

[1] Not printed. (Attached to the source text)

The Joint Chiefs of Staff point out in their memorandum that it is their belief, which is shared by General Clark, that further concessions to President Rhee would not achieve the desired results of reaching an accord on matters in which there is a difference of view between the United States Government and the Republic of Korea. They further point out that President Rhee's attitude has had a deleterious effect upon the UN-ROK Command relationship and tends to compromise the future responsiveness of ROK forces to CINCUNC's orders and detracts from the prestige of the UN Commander. They mentioned further that President Rhee's attitude has embarrassed United States representatives in the field other than the military, referring to a message dated 19 September 1953 from Ambassador Briggs. [2] In this connection I would also like to refer to a joint message, dated 26 September 1953, from Ambassador Briggs, Ambassador Allison, and General Clark, in which it was indicated that we must either meet the issues involving President Rhee or permit him to continue to embarrass the United States Government and the United Nations Command. [3]

The Joint Chiefs of Staff concluded that further measures should be taken in dealing with the fisheries problem in the context of an overall approach by the United States Government to bring about a more reasonable and cooperative attitude on the part of President Rhee and the ROK Government with respect to all prevailing problems which are of mutual concern to the Republic of Korea, the United States, and to the United Nations Command. Specifically, the Joint Chiefs of Staff recommend that all possible pressures be brought to bear on the Japanese and Korean Governments to arrive at an agreement in their disputed fishing rights and, if these pressures are not successful, that the United States withdraw logistic support for the ROK Navy. They recommended also that the United States consider other measures which might be taken, including the withholding of economic aid and other benefits.

I fully appreciate the sensitivity of the problem of dealing with President Rhee. I further appreciate that the Department of State

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[2] Telegram 237 from Seoul, not printed. (Attached to the source text)

[3] Reference is to CX 65208 from Tokyo. The three men stated, with regard to difficulties experienced among the Republic of Korea, Japan, and UNC:

"It appears to us that the time is rapidly approaching when we must either meet these issues squarely with the ROK government or let Rhee go on writing his own ticket with resulting continuous embarrassment to our government and UNC.

"Allison particularly calls attention to the effect of US lack of action in these circumstances on the Japanese government which is closely watching US-Korean relations. If Rhee appears to be gaining his ends by continued intransigence, Japanese government will undoubtedly apply lesson in their own reaction to American desiderata in Japan." (Attached to a memorandum from Walter K. Scott, Director of the Executive Secretariat, to Smith, Nov. 3, 795B.11/11-353)

would not wish to force a show-down which could result in a breakdown in the relationships between the United States Government and the Republic of Korea and thereby possibly provide President Rhee with a basis to abrogate his agreement with respect to the Armistice Agreement. However, it is my view that permitting President Rhee to continue to act unilaterally to the military and political disadvantage of the United States places this Government in an untenable position. Further, unless it is made absolutely clear to President Rhee that we will not permit these conditions to continue, his actions will grow bolder and he will not hesitate to take more drastic actions which could lead to a dangerous situation with respect to the interests of the United States Government and to the security of the United States forces in Korea. Therefore, I strongly recommend that the Department of State give favorable consideration to the Joint Chiefs of Staff memorandum and to the course of action outlined therein.

Sincerely yours,

C. E. WILSON

No. 712

Secretary's Memoranda of Conversation, lot 64 D 199

Memorandum of Conversation, by Edward G. Platt of the Executive Secretariat [1]

SECRET [WASHINGTON,] October 30, 1953.

Subject: Conversation Between the Secretary and Mr. Robertson on the Japanese Negotiations

Mr. Robertson wanted to make sure that the Secretary concurred in the proposed arrangement on GARIOA which was being worked out in the talks with Mr. Ikeda. The intention is to incorporate in the communiqué which will be issued after the talks a statement to the effect that a settlement of the GARIOA claims has been put off to a future meeting. Mr. Robertson noted the difficulties which any settlement now would place on Japan. Mr. Ikeda nad stressed that it would be particularly unfortunate at this time to agree to any payment, since other countries were clamoring for reparations settlements.

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[1] This memorandum bears the following typed notation: "This document is for information only. Since it is an informal résumé prepared to assist Departmental coordination on a day-to-day basis, it does not have the status of a cleared directive or an official Departmental record."

The Secretary said he concurred. It was important to keep open the GARIOA claims since they might come in handy in the future as a means of perhaps obtaining from the Japanese certain United States objectives. He told Mr. Robertson that he had originally inserted payment of these claims into the treaty with Japan not only in an effort to recoup some of the United States outlay, but also to protect Japan. At such time as other countries might clamor for reparations payments, we could always chime in and say that nothing could be paid them until Japan had reached a settlement with us.

The Secretary asked Mr. Robertson to inquire if the German settlement had been made on the basis of a firm figure. This was important because the bookkeeping on the GARIOA funds had been very fuzzy and sloppy.

The Secretary recounted to Mr. Robertson a conversation he had had yesterday with a Japanese representative of the American Federation of Labor, during the course of which the Japanese had warned him of Communist infiltration in Japan. [2] Two points he made, which the Secretary suggested Mr. Robertson look into, were the conditions around the Army camps and the dressing of Japanese Security Reserve Forces in American uniforms. Both of these were having a deleterious effect on United States-Japanese relations.

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[2] Perhaps a reference to the Secretary's conversation held on Oct. 29 with Richard Deverall, an American who had been Asian Representative, stationed in Japan, of the Free Trade Union Committee of the American Federation of Labor.

No. 713

Editorial Note

Upon conclusion of the Ikeda talks on October 30, the two sides issued the following joint statement:

"Mr. Hayato Ikeda, the personal representative of the Prime Minister of Japan, and his party had a series of conferences with Mr. Walter S. Robertson, Assistant Secretary of State for Far Eastern Affairs, and other officials of the United States Government during the past four weeks.

"The talks covered various interrelated problems of mutual interest such as Japan's defense build-up, United States assistance, settlement for United States postwar economic aid (GARIOA), foreign investment, and trade with Communist China. The informal exchange of views on these subjects was most profitable and lays the ground work for further cooperation between the two countries.

The discussions were exploratory and no agreements were entered into. Certain general understandings are set forth below.

"The conferees agreed on the necessity of increasing Japan's self-defense forces in order to protect her from possible aggression, and to reduce the United States burden related to the defense of Japan. It was, however, noted that under present circumstances there are constitutional, economic, budgetary and other limitations which will not allow the immediate building of Japan's self-defense forces to a point sufficient for Japan's defense. With due regard to these limitations, continued effort on the part of Japan will be made to expedite the build-up. Subject to necessaryor items of military equipment for the land, sea and air forces which Japan raises.

"Questions relating to Japanese defense forces and United States military assistance will be discussed further in Tokyo in the near future by representatives of the two governments with a view to reaching a definite understanding.

"The conferees agreed that a reduction in Japan's contribution to the support of United States forces should be considered from time to time in the light of the development of Japan's own forces. It was also agreed that the withdrawal of the United States forces from Japan would be effected as the Japanese forces develop the capability to defend their country.

"The conferees considered that $50 million is a reasonable target amount for commodities to be supplied to Japan under Section 550 of the Mutual Security Act. It is contemplated that the local currency proceeds of the sale of such agricultural products will be used to help develop the defense production and the industrial potential of Japan through offshore procurement and investment. Necessary arrangements will be executed to cover the requirements of Section 550 and the related defense support activities.

"The conferees recognized that pending a political settlement in Korea it is important to maintain a high level of controls over trade with Communist China. However, the implications of these controls for Japanese trade are such that the United States and Japan will continue current consultations on the items to be controlled.

"The United States conferees attached great importance to an early settlement for GARIOA aid. It was agreed to hold a meeting in Tokyo in the near future between representatives of the United States and Japan with a view to reaching an agreement on the settlement.

"As to foreign investment in Japan, the investment guaranty program under the Mutual Security Act and the Contact Clearing House Service, as well as the services of the United States Department of Commerce, were suggested as helpful measures to be taken on the side of the United States, while willingness on the part of Japan to liberalize Japanese laws and regulations pertaining to foreign investments was expressed by the Japanese conferees in order to create a better climate for foreign investment.

"The Japanese conferees expressed their belief that vigorous efforts on the part of Japan to resist inflation are most important in order to strengthen Japan's economic position and to promote further economic cooperation between the United States and Japan.

"It was gratifying for all the conferees to learn that while they were in conference the $40 million loans for Japanese thermal electric projects were signed by the International Bank and Japanese representatives, and that the $60 million cotton credit to Japan was announced by the Export-Import Bank of Washington." (Department of State *Bulletin*, November 9, 1953, page 637)

In telegram 1039 to Tokyo, October 30, drafted in NA and approved for transmission by Robertson, the Department informed the Embassy of the joint statement and stated that there was "no secret memorandum of understanding; press release only agreed document. Outcome in general accord your recommendations. Much appreciate your prompt and valued advice." (033.9411/10–3053)

No. 714

033.9411/10–2353: Telegram

The Secretary of State to the Embassy in Japan [1]

CONFIDENTIAL WASHINGTON, November 2, 1953—6:35 p.m.

1048. Our 1039, [2] 1034. [3] Amplifying our 1039, secret memorandum dropped in view absence definite understandings re budget, defense buildup and terms GARIOA settlement. However US memorandum dated October 21 given Japanese October 22 (our 958) [4] remains basic statement US position on matters there treated. Absence Japanese commitments modifies US proposals for functional reasons since amount and character military assistance and OSP dependent Japanese defense buildup. $100 million remains target figure for OSP for USFY54 but this not considered promise. Robertson informed Ikeda October 30 US would consider breakdown $50 million under 550 to include more than $10 million proceeds for defense support but that $10 million most on which commitment could now be made.

Re GARIOA no Japanese commitment made extending beyond terms press release. In private conversation Robertson stressed to Ikeda importance settlement of about $750 million comparable German without haggling details.

DULLES

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[1] Drafted in NA.

[2] See the editorial note, *supra*.

[3] Dated Oct. 30; it transmitted the text of the joint statement printed in the editorial note, *supra*. (033.9411/10–3053)

[4] Document 706.

No. 715

611.94/9-2253

Memorandum by the Deputy Director of the Office of Northeast Asian Affairs (McClurkin) to the Assistant Secretary of State for Far Eastern Affairs (Robertson)

CONFIDENTIAL [WASHINGTON,] November 3, 1953.

Subject: Summary of Tokyo's despatch 541 of September 22, 1953 [1]

The Japanese Foreign Office on August 15 issued the second installment of a series of papers entitled "The World and Japan"—a series which appears to be having some influence in enlightening public opinion on the base issue and which has been helpful in stemming the tide of the anti-base and anti-American movement of May and June. This paper, which was widely distributed, analyzes in detail the problem of Japanese opposition to United States facilities and areas and is an effective answer to charges that Japan is becoming a huge military base. It is optimistic with regard to the alleviation of major causes of opposition (economic loss from use of land and fishing areas; bad effects on education and morals; airplane noise) and, in connection with politically motivated opposition, explains the need for collective security and the attempts of leftists to drive a wedge between the United States and Japan. It also makes the following points: Contrary to exaggerated leftist charges, the 719 facilities and areas now used by United States forces (as compared to 2,152 at the time the Peace Treaty came into force) comprise only .0038 of the total area of Japan, and in many of these areas interference with local activities is minimal. The Joint Committee has worked out plans for relocation of United States forces in cities subject to new construction in Tokyo and Yokohama at Japan's expense. Local Liaison Councils are being set up in locations throughout Japan and provide a forum for discussion on all problems of joint concern. (The Embassy recognizes that there is a fair amount of whitewashing in the paper the local Liaison Councils have not yet accomplished much; the Joint Committee has not actually solved the problem of relocating United States forces from large cities and it seems optimistic to expect that Japan will spend large sums to build new facilities within Tokyo to enable the release of a few conspicuous buildings.)

The Foreign Office expresses the view that United States forces have now reached the stage where no new requests for large areas will be made. This is probably the crucial issue in the base prob-

[1] Not printed. (611.94/9-2253)

lem. There will be strong opposition to any attempt by United States forces to expand existing facilities and in fact Japanese public opinion can be expected to become increasingly restive if United States forces do not constrict their operations in Japan. Japanese leaders now talk publicly and with apparent confidence about the withdrawal of United States forces as a probability within the next few years and the Japanese people are likely to expect early signs that this withdrawal policy is being put into effect.

The anti-base movement has noticeably declined since the end of June, one reason being that the Japanese Government and the United States forces did not press for immediate use of any of the hotly disputed areas such as Myogi and Uchinada, where the Foreign Office hopes satisfactory arrangements can soon be made. In both places the local people have been weeding out leftists and outside agitators, which has also enhanced the chances for settlement.

No. 716

Editorial Note

At the National Security Council meeting held November 5, the Council discussed United States policy toward the People's Republic of China, including the question of trade. Under Secretary Smith represented the Department of State, and spoke briefly on the issue of trade between Japan and China. According to the memorandum of this discussion, he asserted that the United States had ultimately to contemplate a considerable revival of this trade unless it was prepared to pay for the support of Japan's economy and the maintenance of its military defense. For an extract from the memorandum which includes the Under Secretary's remarks, see Document 147.

No. 717

611.95B/10–3053

The Secretary of State to the Secretary of Defense (Wilson) [1]

SECRET [WASHINGTON,] November 19, 1953.

DEAR MR. SECRETARY: I have received your letter of October 30, 1953, informing me of your concern over the general trend of our

[1] Drafted in NA; attached to a memorandum dated Nov. 19 from Robertson to the Secretary, not printed.

relations with the Republic of Korea. You refer particularly to the action of the Republic of Korea in re-establishing the so-called "Rhee (fisheries) line" and the seizure of Japanese fishing vessels which you state is regarded as a challenge to the authority and responsibility of CINCUNC, and which, if not checked, might undermine the UNC–ROK command relationship. The Department of State, too, has been deeply concerned with these questions and has given careful study to your letter and to the memorandum from the Joint Chiefs of Staff which you enclosed.

On the whole, I believe that our relations with the Republic of Korea have been improving. As late as mid-June, President Rhee was refusing to go along with the armistice on any basis despite the fact that he had been offered economic aid, the strengthening and maintaining of his military forces, and a mutual defense pact. Since President Eisenhower's letter of June 6, [2] no United States concessions have been made to President Rhee except (1) my promise to go to Korea *after* the signing of the armistice to consult him about plans for the political conference and to negotiate the defense pact, and (2) our agreement to walk out of the political conference after ninety days if we consider the conference to be a sham. In the meantime, President Rhee has receded from positions repeatedly proclaimed to the Korean people and the world as unalterable, the armistice has been signed, prisoners of war desiring repatriation have been exchanged, and President Rhee has fulfilled to date his commitment not to obstruct the armistice. This commitment was given despite his failure to obtain assurances demanded of the United States which he considered basic and at a time when he had the greatest ability by unilateral action to disrupt the armistice negotiations and involve us in continued and possibly wider hostilities.

There are many outstanding problems with the Republic of Korea—as there are with the United Kingdom, France, Japan and various other countries. However, in none of these instances do we consider the situation to be such that all problems can be packaged for settlement on an all-or-none basis.

It is in light of the situation summarized above that the Department of State has considered the specific problem of the fisheries dispute between Japan and the Republic of Korea. I hope that we can find a solution to this problem without resorting to the measures suggested by the Joint Chiefs of Staff, and we are currently endeavoring to do so.

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[2] This letter contains an offer of a mutual defense treaty in return for South Korean acceptance of an armistice; for text, see *Public Papers of the Presidents of the United States, Dwight D. Eisenhower, 1953*, pp. 377–380.

Current indications from our Embassies in Tokyo and Seoul are that both the Republic of Korea and the Japanese Government desire to find a peaceful solution to their problems including the fisheries dispute. Both Governments have urged the United States to provide observers to be present to offer practicable assistance during their negotiations which are expected to be resumed in the near future. The Department of State has accordingly agreed to provide United States observers if negotiations are resumed in an atmosphere which holds some promise of a satisfactory outcome. Both Governments have agreed to the designation as observers of our Counselor of Embassy in Seoul, Mr. Niles W. Bond, and the Special Assistant for Fisheries and Wildlife to the Under Secretary, Mr. William C. Herrington. It is hoped that participation of the American observers will result in a more conciliatory attitude on the part of both Governments and establish the basis for a satisfactory settlement.

I believe, therefore, that the approach we are currently making should be given time and opportunity to succeed before considering other measures.

Sincerely yours,

JOHN FOSTER DULLES

No. 718

794C.0221/12-2353: Telegram

The Ambassador in Japan (Allison) to the Department of State [1]

SECRET TOKYO, November 28, 1953—9 a.m.

1341. General Hull and I agreed that conditional statement in proposed note regarding Amami transfer (Department telegram 1212) [2] dealing with US intention maintain present control and authority in remaining Article 3, Islands, is not adequate or affirmative enough to make our position clear. We believe it most important US Government make positive statement our intention maintain indefinitely present rights. I have been concerned over growing Okinawan Irredentist activity and General Hull, who has just returned from Okinawa, tells me he feels it imperative US position be made unmistakably clear. Such a statement should also go far quiet Chinese concern over Ryukyus (Taipei telegram sent Department 302, Tokyo 75). [3]

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[1] Repeated for information to Taipei. This telegram was attached to Drumright's memorandum to the Secretary, Document 721.

[2] See footnote 5, Document 709.

[3] Not printed.

My tentative view is such statement would better be made in Washington than here, preferably by Secretary, in order to give the statement full weight of US Government. Statement should probably be made at time Amamis are transferred. We now exploring with FEC timing and substance such statement. Will keep Department informed.

ALLISON

No. 719

794.5 MSP/12-753: Telegram

The Ambassador in Japan (Allison) to the Department of State

SECRET PRIORITY TOKYO, December 7, 1953—7 p.m.

1415. I recommend following US position for Tokyo negotiations on Japan's defense program. General Hull concurs.

1. Talks with Ikeda Washington and here and discussions with NSA officials suggest Japanese presently plan propose at resumed talks (a) ground force of 180,000 by April 1957 with increase of 30,000 (including 10,000 civilians) during JFY 1954 and 20,000 in JFY 1955, (b) navy of 150,000 tons in five years with 30,000 ton increase JFY 1954, (c) establishment of air force with 1,500 planes in five years with 150 light planes as starter next year (Japanese plan tentatively includes army aviation types), and (d) NSA budget of 144–149 billions in JFY 1954 compared with current years 123.4 billions. 144–149 figure in (d) will break down into 87–92 billions for Japanese defense forces compared with present appropriation of 61.4 billions of which 5 billions to be obtained by reduction in contribution to US forces from 62 to 57 billions.

2. Japanese position formulated with full knowledge Washington views and apparent understanding probable extent US assistance available. It is unlikely Japanese can be persuaded deviate substantially from foregoing program.

3. In secret talk with Ikeda November 27, he told me Japanese program which he did not reveal, now fairly firm and under consideration by Finance Ministry in anticipation budget decisions about December 25. He said it would be held close and expressed concern lest it be substantially less than US absolute minimum in which case long negotiation would be necessary.

4. In my view long delay in arriving at US minimum position for long negotiation should be avoided because the respective US-Japanese program, real or fancied, would be bandied about in press and Diet; propensity to support lower figure would be built up in public

mind; whatever was eventually agreed on would inevitably give rise to charges of American pressures; Government would again be under attack for secret diplomacy and subservience US; and next forward step would start out under cloud because program adopted would appear to be US rather than Japanese product. Ikeda himself foresaw this possible sequence of events and stressed importance from standpoint of interests both countries that we must find some way to avoid it.

5. Because of these considerations I promised Ikeda I would try to supply in not more than two weeks time those initial yearly increases in forces which the US considers the minimum required as effective steps toward reasonable force goals for Japan. In return he promised not to let Japanese position be frozen in meantime.

6. In view long talks with Ikeda in Washington, no useful purpose would be served in going over same ground. We should now put in figures which may not satisfy us but represent the most, especially on ground forces and budget, that Government and conservative forces in this country can attempt. In formulating our position we compelled face Japanese realities, particularly constitutional problem, unreadiness of large part of public opinion, and vulnerability of conservative forces to leftist attack if build-up too rapid, at this time. Moreover, we cannot ignore widespread fear here, shared by Yoshida himself, of return of military clique if build-up too rapid, and impact on budget of irresistible demands for relief from this year's great flood damage and crop failure which will require heavy expenditures next fiscal year.

7. While we should maintain that US considers ground force of at least 300,000 is minimum adequate for Japan's defense, do not think it desirable or practicable seek present commitment to this figure. Any insistence on commitment this time that Japan should have ground force this size would not only fly in face of Japanese realities outlined paragraph 6 above but would obstruct maturing efforts towards conservative cooperation and unification. With Yoshida–Shigemitsu agreement on defense and return Hatoyama and most of his followers to Liberal Party real progress has been made in this direction. Efforts to win over progressives to unified party of all conservative forces expected to bear fruit early spring. This obviously in US interest for it would provide firmly based government that could then move forward more swiftly on all fronts including adoption realistic defense policy.

8. Reason I am certain such commitment would block this most desirable development and that Japanese Government would never agree now to US ground force goal is that public opinion would be alarmed by such figure and enable left opposition to capitalize on public fears. Government as well as opposition conservatives, whom

Liberal Party now wooing, would regard such commitment as serious political liability which might well tip the scales against conservatives should there be early election. It would be unfortunate if we obtained such a commitment only to have a united conservative party publicly repudiate it for electoral reasons. Finally, if we obtained secret commitment, we must bear in mind secrets are not kept in Tokyo and secret agreement would not be binding on any new government. For all these reasons I believe we should at this time concentrate on immediate objective of getting initial build-up started at once. Japanese are finding first steps hardest; once they are taken road will become easier.

9. In view these considerations which I put to General Hull, he and I agree we should take the following positions:

A. *Ground forces:*

(1) In JFY 53 and JFY 54 add 50,000 soldiers, and in JFY 55 add 50,000 more to reach 210,000 by April 56. (Japanese favor 170,000 plus 10,000 civilians by April 57.)

(2) As alternative US could accept an increase of 30,000 in JFY 54 and 40,000 in JFY 55 to reach 180,000 (excluding civilians) by April 56 in exchange for following Japanese Government commitments:

(a) Agreement to enter into effective combined planning for defense of Japan including appropriate arrangements for exercise of US command in emergency, and

(b) Development of adequate basis for immediate expansion of ground forces through the medium of an active reserve system.

B. *Naval forces:*

(1) In JFY 53 and JFY 54 add to existing forces from US and Japan sources eight destroyer types, five destroyer escort types, three submarine chasers, two submarines, two supply mother ships, one small minelayer, seven mine sweepers, four mine sweeping boats, one naval aircraft squadron and 4400 tons miscellaneous craft.

(2) In JFY 55 add 1 escort flagship, 6 destroyer types, 10 destroyer escort types, 22 submarine chasers, 1 mother supply ship, 1 mine layer ship, 2 squadron naval aircraft, and 18 other vessels.

C. *Air Force:*

(1) In JFY 53 create a third staff (Air Force headquarters) and in JFY 54 establish technical training, primary, basic and advanced flying schools, to include 200 training aircraft.

(2) In JFY 55 add 125 training aircraft, 4 fighter-interceptor squadrons (UE 25 aircraft), 1 tactical reconnaissance squadron (UE 18 aircraft), and radar surveillance equipment.

D. Variations in force strengths or goals from the foregoing on an equivalent basis would be acceptable.

E. Japanese to be made to understand that above represents minimum effective phasing from US viewpoint and does not reduce ultimate requirements for defense of Japan.

10. Budget:

A. Embassy estimates 30,000 man increase ground force in JFY 54 would mean at least 48 billion yen for ground force (33 billion for maintenance of present 110,000 man force and 15 billion for increment). Large increment would cost correspondingly more.

B. On basis NSA plan given Embassy September 25 and Ikeda program given Department October 13 (Department telegram 892),[1] Japan appears prepared spend between 23.9 and 27.7 billions in JFY 54 on air and navy. Because we think political opposition to more rapid ground force build-up may limit what we can get in JFY 54 to maximum of 30,000 men, we think we should press for higher sea-air budget of at least 30 billion yen. To implement sea and air program in paragraph 9B and C would require exact determination of costs and of sharing of these costs as agreed between US and Japan. Embassy hopes proposed Japanese appropriation of 30 billion plus drawing on reserve of 15 billion (see 10C below) as necessary will be adequate to finance Japan's share of costs.

C. We should also seek to commit Japanese to 15 billions to finance any increment ground force over 30,000 men, to constitute obligational authority for wide range of necessary supporting facilities, and as reserve on which we can call to finance projects we will try to persuade them to undertake during course JFY 54.

D. Adding 62 billions as continuing contribution support US forces to foregoing (48 billions for ground, 30 for sea-air, and 15 for reserve) would give total defense budget of 155 billions or 31.6 billions over JFY 53 budget.

E. In view limited Japanese performance contemplated by this program we shouid not offer remission of Japanese contribution support US forces JFY 54. We should, however, reserve our position for bargaining purposes and be prepared make some concession in order obtain maximum Japanese defense effort.

11. Treasury Attaché [2] concurs all foregoing. Request comments of State, Defense and FOA with view to immediate commencement negotiations in Tokyo.

ALLISON

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[1] Document 701.

[2] William W. Diehl.

No. 720

794.5/12-1054

Memorandum by the Joint Chiefs of Staff to the Secretary of Defense (Wilson) [1]

TOP SECRET WASHINGTON, 21 December 1953.

Subject: Japanese Defense Forces

1. This memorandum is in reply to your memorandums of 18 May 1953 and 23 May 1953, [2] on the above subject, which requested the views of the Joint Chiefs of Staff on the following matters relating to development of Japanese defense forces:

a. Japanese force levels which should be established and maintained.
b. Possibility of an early agreement by the Japanese to a build-up of forces beyond 4 divisions.
c. Estimated schedule in the event such a build-up is believed probable.
d. Data as to the probable annual yen requirements of U.S. forces in Japan over a 10-year period.

2. This memorandum also contains the views of the Joint Chiefs of Staff on a message No. 1415, dated 7 December 1953, from Ambassador Allison in Tokyo to the Department of State on this subject.

3. With regard to Japanese force levels, the Joint Chiefs of Staff believe that the revised force goals for the Japanese National Safety Agency (JNSA), as enumerated in the Appendix hereto, represent the minimum forces necessary for the adequate defense of Japan when U.S. forces have been withdrawn. The revised force goals recommended herein should supersede the previous Japanese force levels indicated in the memorandum for the Secretary of Defense dated 13 December 1951, [3] subject: "High-level State–Defense Mission on Japanese Defense Forces".

4. Ambassador Allison, with the concurrence of the Commander in Chief, Far East, (CINCFE), has recommended a U.S. position for negotiations on the build-up of Japanese forces. Based on discussions with Japanese officials, it is the Ambassador's view that the Japanese are likely to agree to an early build-up of their defense forces, but they are unlikely to deviate substantially from the 5-year program previously proposed by them in Washington, i.e., a

[1] Attached to the letter from Secretary Wilson to Secretary Dulles dated Dec. 10, 1954, Document 836.

[2] Neither found in Department of State files.

[3] The correct date is Dec. 12, 1951. For text, see *Foreign Relations*, 1951, vol. VI, Part 1, p. 1432.

ground force of 180,000, a navy of 150,000 tons, and an air force of 1500 planes. The Ambassador believes that these goals represent the most the Japanese Government can attempt at this time. Therefore, he considers the immediate objective in negotiations should be to obtain agreement on a reasonable build-up of forces at once, with the understanding that the schedules proposed represent a minimum phasing and will not reduce the ultimate requirements.

5. Although the Ambassador has proposed as a negotiating position a ground force of 210,000 by April 1956, he has submitted an alternative proposal which he considers politically more palatable, i.e., a ground force of 180,000 (excluding civilians) by April 1956 in exchange for certain commitments on the part of the Japanese Government. Acceptance of this alternative proposal would permit the Ambassador to press for a higher budget for naval and air forces thereby emphasizing the build-up of these forces and tending toward a more balanced force structure.

6. Although the Japanese have been informed that the U.S. is willing to consider supplying destroyers and destroyer escorts on a loan basis, the Joint Chiefs of Staff are of the opinion that it would be to the best interests of both the United States and Japan, if Japan, with appropriate financial assistance, constructed the majority of the ships for the Coastal Safety Force. However, in order that the Japanese will have sufficient experience and training to operate naval units effectively, the U.S. is willing to provide on a loan basis, the following ships, to be programmed during the first year of military assistance (estimated JFY 54):

2 Destroyers (1600 Ton type)
2 Destroyer Escorts (DE)
1 Submarine (SS)
2 Minesweepers (AMS)
1 Minesweeping Craft (MSB)

in addition, naval air squadrons (Patrol or ASW attack aircraft) will be provided, with one squadron programmed in JFY 54.

7. In the air force build-up proposed by the Ambassador and CINCFE, the number of training aircraft is far in excess of that previously recommended to CINCFE by the Commander, Far East Air Forces (COMFEAF), but there is no provision for combat aircraft during JFY 1954. A message from CINCFE has indicated a requirement which makes it essential that combat aircraft be introduced into the program at the earliest practicable stage in the development of the Japanese air force. To achieve the most effective defense program within budget limitations, COMFEAF's recommendations should be used as a guide in resumed negotiations.

8. The Joint Chiefs of Staff realize that the negotiating position proposed by the Ambassador is only a basis upon which to resume negotiations with a view toward getting a build-up started as soon as possible. Further appraisal of the over-all program will be made as the negotiations proceed and upon receipt of detailed information concerning the proposed build-up schedule covering the entire 5-year period.

9. As to the estimated schedules referred to in subparagraph 1 c above the Joint Chiefs of Staff do not consider it possible to predict the schedule of build-up, at this time, to which the Japanese Government might be expected to agree.

10. With regard to the probable yen requirements of U.S. forces in Japan, mentioned in subparagraph 1 d above, the Joint Chiefs of Staff do not consider it possible at this time to prepare the data you have requested. This data is contingent upon the phase-out of U.S. forces from Japan which in turn depends upon (1) the adequate buildup of Japanese forces, and, (2) the final U.S. policies and objectives which may be adopted with respect to Korea affecting the deployment of U.S. forces in the Far East.

11. In light of the foregoing it is recommended:

a. That the revised force goals for the Japanese National Safety Agency (JNSA) as enumerated in the Appendix hereto be approved for planning purposes.

b. That, subject to the comments in paragraphs 5, 6, 7, and 8, above, the Department of Defense concur with Ambassador Allison's proposal for resumption of negotiations with the Japanese.

12. Upon your concurrence with the foregoing recommendations, CINCFE will be informed accordingly.

For the Joint Chiefs of Staff:
ROBT. B. CARNEY
Chief of Naval Operations

[Enclosure]

APPENDIX

REVISED FORCE GOALS FOR THE JAPANESE NATIONAL SAFETY AGENCY (JNSA)

I. REVISED FORCE GOALS FOR THE JAPANESE NATIONAL SAFETY FORCE (JNSF)

1. *Size.* Under this Revised Final Force Plan the Japanese National Safety Force would be expanded to a balanced fifteen-division ground defense force of 348,000. Divisional organization will be

of a reduced type U.S. Army infantry division of 12,022 men each. The Plan also includes a Reserve Force, a Labor Service Corps, and provisions for a Civil Defense Organization. It does not substantially increase the requirements for personnel or major items of equipment over the presently approved 10-division plan.

2. *Composition*

a. *The Active Force* (348,000)

National Headquarters
Field Army Headquarters
15 divisions organized into 5 Army Corps
19 AAA AW Battalions
21 AAA Gun Battalions
Other combat battalions (field artillery, tank, engineer, and chemical) and technical service units as required for support.

b. *The Reserve Force* (57,400 combat—15,456 service)

The formation of an initial reserve of civilian component type combat and service units will add flexibility to emergency mobilization plans. Reserve combat units and guard units could augment the active force and assume the responsibility of internal security. The formation of these reserve units decreases the requirements for many types of active units which would otherwise be on a "standby" status. The reserve will include Combat Prefectural Guard units and a mobilization reserve to supplement the active and reserve forces in event of a general emergency.

c. *Labor Service Corps*

A Labor Service Corps is included to provide unskilled labor, in lieu of military personnel, in periods of emergency. A small agency in National Headquarters would formulate plans for the establishment of the Labor Service Corps during periods of emergency only.

d. *Civil Defense Organization*

In view of the vulnerability of Japan to air attacks a civil defense organization is essential. This organization is included in the revised Final Force Plan in order to present complete defense organizational requirements to the Japanese Government. It should be handled as a separate matter from final military force planning.

3. *Disposition of Active Force (JNSF)*

a. Hokkaido Corps	3 Inf Divs
b. Honshu	
(1) North Corps	3 Inf Divs
(2) Central Corps	4 Inf Divs
(3) South Corps	3 Inf Divs
c. Kyushu Corps	2 Inf Divs

II. REVISED FORCE GOALS FOR THE JAPANESE COASTAL SAFETY FORCE (JCSF)

4. *Size and Composition.* The planned ultimate composition (Revised Force Goals) of the Japanese Coastal Safety Force is as fol-

lows, except that inclusion of carriers and cruisers will not be recommended to the Japanese Government at this time:

4 light carriers (defensive type) with supporting squadrons
3 antiaircraft cruiser types
30 destroyer types *
75 destroyer escort types*
50 large minesweepers
—large number of small ASW, minesweeping and patrol craft
—small number of coastal submarines for training purposes
4 minelayers
2 LSTs
3 Supply Mother Ships
10 patrol squadrons (ASW) (U.E.12a/c)
18 patrol frigates (already on hand)
50 large support landing ships (already on hand)

III. REVISED FORCE GOALS FOR THE JAPANESE AIR SAFETY FORCE (JASF)

5. *Size and Composition.*

The planned ultimate composition (Revised Force Goals) of the Japanese Air Safety Force is as follows:

A Japanese Air Force headquarters
Pilot and Technical Training Schools
9 Fighter-interceptor squadrons (U.E.25a/c)
6 Interceptor (all-weather) squadrons (U.E.25a/c)
6 Fighter-bomber squadrons (U.E.25a/c)
6 Light-bomber squadrons (Jet) (U.E.16a/c)
3 Tactical reconnaissance squadrons (U.E.18a/c)
6 Transport Squadrons (Medium) (U.E.16a/c)
1 Fixed radar surveillance and control system covering the home islands (3 ADCC, † 6 GCI, ‡ 17 EW/GCI) §
Essential Service and Support Units (as required)

* Number of each may vary between types. [Footnote in the source text.]
† Air Defense Control Center. [Footnote in the source text.]
‡ Ground Control Intercept. [Footnote in the source text.]
§ Early Warning Ground Control Intercept. [Footnote in the source text.]

No. 721

794C.0221/12-2253

Memorandum by the Acting Assistant Secretary of State for Far Eastern Affairs (Drumright) to the Secretary of State

CONFIDENTIAL [WASHINGTON,] December 22, 1953.

Subject: Amami Oshima Transfer Arrangements.

1. You approved the recommendation contained in FE's memorandum of November 18, 1953 [1] (Tab A) that our Ambassador in Tokyo undertake negotiations with the Japanese with respect to the arrangements for the transfer of the Amami Oshima islands to Japan on the basis of the documents which were attached to the memorandum.

2. The negotiations are now virtually complete. Attached as Tab B are the documents [2] which I propose be approved to effect the transfer. In the course of the negotiations it was agreed that: (a) the transfer arrangements should be expressed in a formal agreement with official minutes rather than an exchange of notes; (b) the United States would pardon the three prisoners convicted by USCAR courts who remain in Okinawa, thereby making unnecessary the assumption by Japan of an obligation to carry out the sentences; (c) the transfer to Japan of specified accounts owing to relief and reconstruction agencies in the Ryukyus should be made without provision that collections from the accounts be made available to USCAR; (d) Japan assume full responsibility to replace "B" yen now circulating in the Amamis with Japanese yen without obligation by the United States to reimburse Japan; and (e) the statement concerning our intentions with respect to the other islands of the Ryukyus be made as a unilateral declaration by the United States rather than as part of a United States-Japanese exchange of notes. In other respects, the agreement achieved by the negotiators is in substance the same as that which you approved as the basis for the negotiations.

3. The Japanese have strongly urged that the agreement be signed on December 24 and become effective December 25. They are calling a special Diet session on December 24 to approve the agreement. In an effort to meet this deadline, clearances of the agreement are being sought in Defense and Treasury simultaneously with our clearance. We informed the Embassy on December 21 that we were trying to complete all clearances by the close of business December 22.

Recommendation

I recommend that you authorize me, as soon as I have received Defense and Treasury clearance, to instruct the Ambassador to

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[1] From Robertson to the Secretary, not printed. (794C.0221/11-1853)

[2] Texts of the documents at Tab B are identical to texts of those signed, exchanged, and agreed upon by the United States and Japan on Dec. 24, with the exception of a Record of a Meeting held on Dec. 24 and of changes in the section pertaining to pending civil court actions in Article V of the main Agreement. See Document 724.

sign the proposed agreement, with any minor modifications which may prove necessary in the final negotiation. [3]

[3] Dulles initialed an "Approved" box at the bottom of the source text. Next to his initials is a notation in his handwriting: "subject to Defense and Treasury clearance".

No. 722

794.5 MSP/12-953: Telegram

The Secretary of State to the Embassy in Japan [1]

SECRET
PRIORITY

WASHINGTON, December 22, 1953—7:25 p.m.

1502. State–Defense–FOA Message. Your 1415 [2] and 1433. [3]

1. Agree your general analysis and plan for negotiations.

2. Believe task now is obtain best agreement possible in short time. Subject to comments this message you and CINCFE authorized pursue negotiation to conclusion. Your joint conclusions on best program which is negotiable should be submitted here for final approval. If serves your purpose at any point you may tell Japanese your instructions do not permit going below certain levels. Will avoid any independent statement here of U.S. position but keep us fully informed by telegram.

3. Following specific comments:

(a) Believe may be desirable concentrate negotiation on JFY54 goals in effort obtain firm agreement, establishing 55 goals tentatively only.

(b) Unable evaluate on information here significance Japanese proposals employ 10,000 civilians. Swelling force totals by merely counting clerks who would be required in any case of course not acceptable but if reasonable possibility adequately discharging military functions through civilian personnel would not rule out some compromise this area. Matter for expert judgment on basis detailed analysis.

(c) Noted that your budget estimate re ground force JFY54 lower than Japanese estimate. As we understand initial cost of 1 million yen per man full amount this cost incurred even if man inducted last day of year. If Japanese figures correct 30,000 man increment would therefore cost 30 billion not 15. Our interpretation that maintenance costs new forces would be additional. Assuming even phasing 30,000 new men, this would add about 5 billion yen more.

[1] Drafted and approved for transmission in NA; cleared with S/MSA, FE, the Foreign Operations Administration, and the Department of Defense.

[2] Document 719.

[3] In this telegram dated Dec. 9, the Embassy added certain details to the program outlined in telegram 1415. (794.5/12-953)

Therefore your cost estimate appears approximately 20 billion yen below Japanese estimate for equivalent forces.

(d) From talks here with Ikeda believe best discuss Japanese financial contribution in relation to analysis actual cost particular forces under consideration. If cost in judgment U.S. side below Japanese financial capacity, this can be used as one argument supporting effort get Japanese raise sights. See some merit Ikeda's argument here that cost should be examined from standpoint expenditures as distinguished appropriations since we are interested results and actual impact on economy. In view probable carry over expenditures may be somewhat higher than appropriation and this approach may assist Congressional justifications. We told Ikeda budgetary contribution of about 200 billion yen would be necessary for justification aid to U.S. Congress. Our thought was could probably accept 180 billion expenditure for JFY54 if other elements defense arrangements generally satisfactory.

(e) Not now in position discuss specific end-items to be supplied by U.S. You may reiterate general statements made Ikeda. (See paragraph 2(i) U.S. memorandum dated October 21.) [4]

(f) JCS will communicate to CINCFE further detailed Defense views. [5]

DULLES

[4] This memorandum is summarized in telegram 958 to Tokyo, Document 706. In it, numbered paragraphs 1–3 summarize paragraph 2(i) of the memorandum.

[5] In telegram 1582 from Tokyo, Dec. 24, Ambassador Allison stated that after consultation with General Hull he was giving to Ikeda and Okazaki a memorandum recommending Japanese force goals for JFYs 1954 and 1955 along the lines given in paragraph 9 of telegram 1415, indicating that the United States desired Japan to spend or obligate in JFY 1954 at least 200 billion yen including carryovers and defense support, and "emphasizing urgent importance Japan prepare program for defense industrial development." (794.5 MSP/12-2453)

No. 723

Eisenhower Library, Eisenhower papers, Whitman file

Memorandum of Discussion at the 177th Meeting of the National Security Council, Washington, December 23, 1953 [1]

[Extracts]

TOP SECRET EYES ONLY

Present at this meeting were the President of the United States, presiding; the Vice President of the United States; the Secretary of State; the Secretary of Defense; the Director, Foreign Operations Administration; the Director, Office of Defense Mobilization. Also present were the Secretary of the Treasury; the Director, Bureau of the Budget; the Chairman, Atomic Energy Commission; the Deputy

[1] Drafted by Gleason on Dec. 24.

Secretary of Defense; the Executive Officer, Operations Coordinating Board (for Items 7 and 8); the Secretaries of the Army, the Navy, and the Air Force (for Items 7 and 8); the Deputy Chief of Staff, U.S. Army; the Chief of Naval Operations; the Chief of Staff, U.S. Air Force; the Commandant, U.S. Marine Corps (all for Items 7 and 8). Also present for Items 7 and 8 were the following members of the NSC Planning Board: Robert R. Bowie, State; Frank C. Nash, Defense; Gen. Porter, FOA; W.Y. Elliott, ODM; Elbert P. Tuttle, Treasury; Col. Hugh Cort, JCS; Robert Amory, Jr., CIA; George A. Morgan, OCB; and Paul L. Morrison, Budget. Philip H. Watts, Department of State; Brig. Gen. Paul W. Caraway, Department of Defense; and Christian Herter, Jr., of The Vice President's Office, were also attending the meeting for Items 7 and 8. Also present were the Director of Central Intelligence; Robert Cutler, Special Assistant to the President; C.D. Jackson, Special Assistant to the President; Arthur Minnich, Assistant White House Staff Secretary; the Executive Secretary, NSC; the Deputy Executive Secretary, NSC; and Ina Holtzscheiter, NSC Staff (for Items 7 and 8).

There follows a summary of the discussion and the main points taken.

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5. *U.S. Civil Administration in the Ryukyu Islands* (NSC 125/6, [2] para. 4; NSC Actions Nos. 824 [3] and 965; [4] Memo for NSC from Executive Secretary, subject: "The Japanese Treaty Islands", dated June 15, 1953) [5]

In response to a question from Mr. Cutler, Secretary Dulles stated that he was not yet prepared to present the report requested by the National Security Council on the civil administration in the Ryukyu Islands, but that he would perhaps be ready to give his views at the next meeting. [6]

Secretary Dulles then turned to Secretary Wilson and asked him whether he wished to go ahead with the announcement of the return of the Amami group of islands. Secretary Wilson replied in

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[2] Document 657.

[3] For NSC Action No. 824, see footnote 10, Document 655.

[4] This action, taken at the 171st meeting of the NSC held on November 19, reads: "[The National Security Council:] Deferred action on a draft directive on the subject [of U.S. civil administration in the Ryukyu Islands] prepared by the Departments of State and Defense, pending further study by the Secretaries of State and Defense and report back to the Council before the end of December." (S/S–NSC (Miscellaneous) files, lot 66 D 95) The draft directive mentioned is apparently that dated Nov. 9. (Attachment to memorandum from Robertson to the Secretary, Nov. 16, 794C.0221/11-1653) The memorandum of discussion at the NSC meeting held on Nov. 19 does not indicate any discussion of the draft directive prior to the taking of NSC Action No. 965. (Eisenhower Library, Eisenhower papers, Whitman file)

[5] Document 651.

[6] See footnote 2, Document 730.

the affirmative, unless Secretary Dulles' forthcoming report on the civil administration of the Ryukyus made it desirable to postpone the announcement. In any case, Secretary Wilson added, he liked Secretary Dulles' proposed draft of the announcement. [7]

Secretary Dulles warned the members of the Council that when we announced that we were going to continue for an indefinite period our control of all the Ryukyu Islands except the Amami group, we could expect a very unpleasant reaction, not only from Japan but in the UN as well. While Secretary Dulles said that he was very much inclined to defer to the views of the Defense Department as to the necessity, from a security point of view, of retaining U.S. control of these islands, it would nevertheless make more difficult relations between the United States and Japan. The effect of such bad relations might go far to offset the military advantages we would gain from the military rights we retained in Okinawa, for instance.

The President noted the very strong feeling in Japan for the removal of our forces stationed there, and wondered whether it would not be best not to emphasize in the announcement our intention of holding on to all the Ryukyu Islands except the Amamis indefinitely.

Secretary Dulles said that he would like to hear the Vice President's views on this issue, since he had recently been in Japan.

The Vice President replied that he had little new to add to the Council's information. While at Okinawa he had chiefly heard the familiar military viewpoint, namely, that the United States would soon have to remove its forces from Japan proper, and accordingly it was vital to retain our hold on Okinawa. However, the Vice President added, he found himself compelled to agree with what the Secretary of State had said as to the difficulties which this decision would involve us in, not only with respect to Japan, but to many other parts of Asia. A major weapon of the Communist campaign against us throughout Asia was the charge that we supported colonialism. If we continue to stay in Okinawa we must expect the Communists to agitate on this theme. Nor would the agitation be confined only to the Communists. Nehru and the Asian Nationalists would also make use of it. Accordingly, said the Vice President, if we propose to persist in our decision to stay in the Ryukyus, we should begin now to develop some sort of face-saving le-

[7] A draft text of the announcement, attached to a memorandum dated Dec. 23 from Drumright to the Secretary, is identical to the announcement as issued by the Secretary at 10 a.m. on Dec. 24. For text, see Department of State *Bulletin*, Jan. 4, 1954, p. 17.

galistic device, such as double citizenship, lease or something else, which would sugar-coat the pill for the Japanese.

The President suggested that we not lose sight of the fact that the Russians are in the Kuriles and lots of other places where they don't belong. We should not neglect to use this fact. It was a good argument.

Governor Stassen stated his own belief that if our military situation in the Far East deteriorates seriously, it is going to be a much more difficult problem than that of meeting charges of colonialism. After all, the Orient, said Governor Stassen, respects strength.

Furthermore, said the President, it seemed to him that there was very little we could do to win Nehru over to an understanding of our position. Did the Vice President agree? The Vice President answered in the affirmative, but noted the success of Soviet propagandists in pinning the colonial-imperialist label on the United States while avoiding it themselves.

Secretary Dulles then asked if he could read to the Council the proposed text of the announcement on the retention of the Ryukyus. After he had read the announcement, the President inquired whether it would not be more persuasive if we would stress why we have decided to remain in some of these islands, but that as soon as our objectives and those of the free world have been assured, we would get out.

After further discussion of the problem, Secretary Dulles noted that it would be necessary to issue this statement within a very few days. While this did not exclude the possibility of thinking about other arrangements which could be worked out in the future, it seemed, on balance, best to issue the proposed announcement at once.

The National Security Council: [8]

a. Noted that the Secretaries of State and Defense would report the results of their further study of the subject pursuant to NSC Action No. 965, at the next Council meeting on December 30, 1953.

b. Noted the President's approval of the issuance by the Secretary of State of an announcement dealing with the return of the Amami Islands to Japan, and the retention of U.S. control over all the other islands mentioned in Article III of the Peace Treaty with Japan, pursuant to NSC 125/6.

. . . . . .

S. EVERETT GLEASON

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[8] Lettered paragraphs a. and b. constitute NSC Action No. 992. (S/S–NSC (Miscellaneous) files, lot 66 D 95)

No. 724

Editorial Note

On December 24, representatives of Japan and the United States signed at Tokyo an Agreement concerning the Amami Islands. The Agreement was accompanied by an Annex, an Exchange of Notes, an Agreed Official Minute, a Draft of Minutes to be adopted by the Joint Committee under the Administrative Agreement, and a Record of Meeting. For texts of all but the last two mentioned instruments, see 4 UST (pt. 2) 2912.

The Draft of Minutes concerned arrangements made regarding the future presence of United States forces in the Amamis under the Security Treaty and the Administrative Agreement. The Record of a Meeting of December 24, principally concerned the legal status of persons and corporate persons with permanent domiciles in the Amamis, but actual residence in that area of the Ryukyus which was to remain under United States jurisdiction. Both the Draft of Minutes and the Record of Meeting are enclosures to despatch 984 from Tokyo, December 30. (794C.0221/12-3053)

Details of the negotiations, which were conducted at Tokyo, are contained in the telegraphic traffic in file 794C.0221 for November and December 1953.

No. 725

794C.0221/12-2653: Telegram

The Ambassador in Japan (Allison) to the Department of State

CONFIDENTIAL TOKYO, December 26, 1953—1 p.m.

1586. When I showed Okazaki advance text of Secretary's statement emphasizing United States intended to retain administrative control of remainder of Ryukyus during "foreseeable future", he said grimly, "I guess it can't be helped". He later during conversation referred to statement often attributed to Quezon regarding Philippine desires for independence that it was better to live in poverty and be independent than be prosperous under foreign ruler. However Okazaki was on whole philosophical on matter and recognized realities of situation.

Much of good effect of Secretary's statement has been spoiled by United Press story from Washington by-line of Steward Hensley which begins "American officials Thursday said that it would be reasonably safe to predict that entire chain of Ryukyu Islands

eventually will be returned outright to Japan instead of being placed under UN trusteeship as was envisaged in Japanese peace treaty." Story appears under such headlines as "Return of all Ryukyus seen" and "Japan is seen slated to get Ryukyus back". Body of story quotes American officials as saying return of Amami Oshima group had set "a precedent" which probably would be followed when conditions permit relinquishment of American control over rest of group. Although Hensley's story does point out that United States intends to stay for foreseeable future, nevertheless its whole emphasis is on future return of Ryukyus rather than indefinite American administration.

ALLISON

No. 726

794.00/12-2853: Telegram

The Secretary of State to the Embassy in Japan [1]

CONFIDENTIAL WASHINGTON, December 28, 1953—7:17 p.m.

1535. For Allison from Secretary. Your 1586. [2] I recall Yoshida's statement at San Francisco Peace Conference when he hoped administration would be restored to Japan, "in the not distant future with the reestablishment of world security—especially security of Asia." If that reestablishment of security now seems much more distant than Yoshida apparently then hoped, that is in no small part due to the fact that Japan itself has not made the contribution to restoring security which we had hoped. I am frankly disappointed that Japanese fallen far behind Germany in recovery and willingness to contribute to security. I refer not only to lag in rearmament, which contrasts sharply with German readiness to rearm, but also to failure to exclude Communist influence in labor unions, intelligentsia and youth circles, and widespread Communist propaganda in Japan directly against the U.S. which makes a very sharp contrast with the close and friendly relations between West German people and the U.S. Also, the Japanese squandering of windfall from Korean war rather than practice of austerity makes very bad impression. Japanese are constantly asking more and more from U.S. without feeling any obligation themselves to do what is necessary to promote security in Asia.

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[1] Drafted and approved for transmission by the Secretary.

[2] *Supra.*

I talked frankly along these lines to [Izeki?] personally when he came to see me [3] and I think it is time that the Japanese leaders realized they cannot expect forever to be on the receiving end without any corresponding effort on their part.

I still have confidence that the Japanese people possess qualities necessary to enable them to play a major role, but so far they certainly have succeeded in keeping these qualities under wraps.

This is not a text for transmittal but to give you my thinking, which you can discreetly let known to extent, if any, you think appropriate. This has no Departmental clearance.

Happy New Year.

DULLES

[3] Reference uncertain.

No. 727

794.00/12–3153: Telegram

The Ambassador in the Philippines (Spruance) to the Department of State [1]

CONFIDENTIAL MANILA, December 31, 1953—noon.

1433. Personal for Secretary from Allison. Greatly appreciate receiving your thoughts as given your 1535 [2] which arrived just before I left for Manila. While I agree Japanese performance to date in both defense and economic fields leaves much to be desired, there has been considerable progress in last few months. This is in large part due to frank presentation by you to Yoshida of situation as you saw it. Senator Knowland's forthright statements also had good long-run effect although there was originally some bitterness.

If I may be permitted to be the Devil's disciple for a moment, I should like to review the situation in Japan as I see it. What follows is dictated without benefit of my files in Tokyo but I believe it to be substantially correct.

Japanese reluctance to rearm is at least in part due to American policy and pressures during first years of occupation. This reluctance has been widespread and Japanese Government has only recently been in a position to carry majority of Diet with it in advocating hitherto unpopular defense and economic measures.

With return to Liberal fold of majority of Hatoyama party and with agreement reached with sufficient members of Progressive

[1] Also sent to Tokyo for Parsons.

[2] *Supra.*

Party to ensure Yoshida carry through his policies, I look for increasing tempo in carrying out defense measures and in enacting more austere economic measures. Yoshida is now in a position somewhat similar to that of Woodrow Wilson late 1916. He knows what should be done but is only now beginning to get sufficient support both in the Diet and throughout the country to carry out his intentions. Yoshida's 1917 should come within the next year.

Within past four months, there has been considerable change in thinking of people. This has been reflected in agreement reached by Yoshida with his principal opposition to a revision of National Safety Agency Law to make possible use of NSA to repel direct aggression as well as put down internal subversion. Okazaki told us last week that after considerable argument he has now obtained agreement that resistance of external aggression would have equal status with combatting subversion as objectives of NSA. Opposition had held out for first place going to latter while government advocated former as chief ends of NSA. Equality was the compromise but it is a step ahead. Yoshida, Ikeda and Okazaki over protests of other Cabinet Ministers have now obtained Cabinet agreement that defense portion of new year's budget will be only one to be increased. All others will be reduced. This in face of great popular demand for increase in flood relief appropriation and the 20 percent decline in rice crop with the consequent necessity of importing far larger amounts from abroad than planned.

Anti-American propaganda is definitely on the decline—it never was as bad as the American press made out. The non-Communist Labor leaders are slowly gaining influence—and the Bank of Japan is beginning to put the brakes on wasteful spending. While much remains to be done, there has been progress.

Okazaki's distress at the Okinawa statement was, I believe, the instinctive emotional response to being told large number of Japanese would remain indefinitely under foreign rule. As I pointed out, however, he soon calmed down and recognized the realities of the situation—and there have been no further recriminations of any kind. Japanese Government leaders do, I believe, recognize their obligations for helping create security in Asia but they cannot act without consent of people's representatives in Diet. To date, majority of people have been saying "America disarmed us and told us anything military was bad—now America wants us to rearm—all right, let the Americans arm us". Government leadership has been woefully weak and slow in bringing about a change in this attitude—but again a beginning is being made. In this connection, it should be recalled that our detailed exposition to Ikeda in Washington last fall was the first time any Japanese leader had been given a real insight into the reasons back of our belief in the

necessity of speedy Japanese rearmament. Since then, both General Hull and I have attempted to follow this up in Tokyo and we are just now beginning to get results. Japanese pace is naturally slow and they do not move in straight lines but if a graph were drawn, the curve would be seen to tend upward.

In my opinion, Yoshida and his government offer the best hope for the immediate and mid-term future. Yoshida is getting stronger—to some extent he gets stronger as people believe he is not an American puppet. My understanding of your policy, with which I heartily agree, is that we want allies, not satellites. The fact that Japanese are talking back and not immediately saying "yes" to every American request is indicative of a resurgence of the old Japanese spirit—if we can continue to work with that and guide it, in the right direction, which I believe we are now doing—we will have an ally with spirit, and eventually strength, on whom we can rely.

The task will require firmness, when we think they are wrong, but above all patience. The potential for good of the 85 million Japanese is so great that I believe the task is well worth while.

May success continue to come to you and the President in your great endeavors over the coming year.

SPRUANCE

No. 728

794.5 MSP/1-554

Memorandum by the Special Assistant for Regional Programs in the Bureau of Far Eastern Affairs (Parelman) to the Deputy Assistant Secretary of State for Far Eastern Affairs (Drumright)

SECRET [WASHINGTON,] January 5, 1954.

Subject: Size of MAAG–Japan

As you know, there has been considerable discussion and interagency review of the matter of the size of the MAAG for Japan. At one point the proposal of the Pentagon was for a MAAG totalling 1489 Americans plus a sizable number of local employees. This would have made it by far the largest MAAG in the world. We now understand that the Defense Department and the Far East Command have agreed on a MAAG of 878 Americans plus a possible addition of 92 for a joint MAAG headquarters. In addition there would be 1206 locals plus possibly 75 more for the MAAG headquarters. These figures indicate that the MAAG for Japan would still be the largest in the world. The Embassy feels that there could be a further sizable cut in this latest figure down to 500 Americans.

It has occurred to me as I have reviewed the latest draft telegram [1] on this subject, that a considerable amount of unrealistic planning is taking place. At the moment there is no specific provision in either the 1954 or the 1955 Mutual Security Programs for military assistance to Japan. The official FOA–Defense position is that all of the Japanese ground forces requirements for *FY 1954* can be provided out of the special Japanese program of $528 million of Defense Department funds available for equipment for Japan. A Mutual Security military program for *FY 1955* would, at this stage also be conjectural unless the Japanese undertook a more realistic approach to the size of the forces which the United States is urging them to provide for their own defense. Present Japanese plans call for an increase of 24,000 in the ground force with a total increase by March 31, 1955 in all of the armed forces of close to 45,000 over the present 110,000.

Accordingly, for the United States Government to undertake serious negotiations with the Japanese with respect to a MAAG of the size proposed by Defense would, in my opinion, expose the United States unnecessarily to serious criticism as to the size of the MAAG and the cost which this would entail for the Japanese in terms of such local currencies as they may be required to provide.

May I suggest that the State Department strongly support Ambassador Allison by urging upon the Pentagon a far more realistic approach to the MAAG in terms of the MDAP program that materializes. To the extent that the Pentagon has in mind other purposes to be served by the MAAG it may well be that at this stage they can be provided for in some other way without bringing into focus the grossly disproportionate number of people in relation to the size of any presently possible Japanese MDAP program.

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[1] Sent as telegram 1568 to Tokyo, Jan. 5. In it the Department concluded: "Request Embassy discuss matter FEC in effort reach agreement. If Embassy considers final FEC recommendations excessive Department will again take matter up Defense." (794.5/12–1453)

No. 729

794C.0221/1-853

Memorandum by the Assistant Secretary of State for Far Eastern Affairs (Robertson) to the Secretary of State [1]

CONFIDENTIAL [WASHINGTON,] January 8, 1954.

Subject: Civil Affairs Directive for the Ryukyu Islands Remaining under United States Jurisdiction.

Discussion:

As a result of your concern with a proposed Civil Affairs Directive which was submitted to you under cover of a memorandum of November 16, 1953, [2] you transmitted the Directive to sources outside the Department of State [3] for comment. On December 23, Mr. Hines gave to Mr. McClurkin, of NA, the comments you had received and asked him to have the Directive reconsidered in the light of the comments. I have now prepared a letter to the Secretary of Defense (Tab A), [4] which would request his agreement to a proposed revision of the directive (Tab B) [5] and to a proposal that the Bureau of the Budget be asked to draft promptly an Executive Order to be issued simultaneously with the Directive. The proposed revision reflects chiefly our reconsideration of the directive in light of the comments, but also includes some additional changes that now appear desirable.

There is attached as Tab C a summary of our reconsideration of the directive in the light of the comments and an explanation of our proposals other than these prompted by the comments. Also attached, as Tab D, are the comments received from outside sources.

Recommendations

I recommend:

1. That you sign the attached letter to the Secretary of Defense (Tab A) requesting his agreement to the proposed revision of the directive and to the proposal for issuance of an Executive Order.

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[1] Drafted by McClurkin.

[2] In this memorandum the Assistant Secretary recommended approval of a draft directive dated Nov. 9. (794C.0221/11-1653) For text of the draft directive, together with proposed modifications, Jan. 11, 1954, see Document 731.

[3] In a memorandum to McClurkin dated Dec. 28, 1953, Bacon referred several times to an analysis of the draft directive by Dean Rusk. However, her references are not detailed enough to indicate whether or not Rusk wrote the comments printed at Tab D below.

[4] Not found attached, but apparently identical to the letter as sent Jan. 11, *infra*.

[5] Not found attached, but apparently identical to the draft of Jan. 11, Document 731.

2. That you urge the National Security Council to request the Bureau of the Budget to draft promptly an Executive Order, in consultation with interested agencies, to formalize the delegation to the Department of Defense of administrative responsibility, and serve as the public document providing a "bill of rights" for the Ryukyuan people and giving evidence of the responsible manner in which the United States proposes to exercise its stewardship.

[Tab C]

Summary of Reconsideration of Directive in the Light of Comments From Outside Sources

(1) The first group of comments goes to the underlying political decision to retain the present degree of control indefinitely, and not to apply for trusteeship. These points have some validity. FE argued the case for them in the past, but eventually came to the conclusion that strategic considerations are overriding and that the policies embodied in the NSC decision should be followed.

(2) The "legal structure". The comments include significant questions on the legal framework for the Ryukyus.

The law applicable to all persons in the Ryukyu Islands under the directive would be: (a) such legislation as has already been, or as shall be enacted by the Government of the Ryukyu Islands (GRI) provided that it is not vetoed or suspended by the US Civil Administration, and (b) such legislation as is promulgated by the US Civil Administration directly. Generally speaking the laws and Constitution of the United States will not be applicable in the Ryukyu Islands. US courts may, however, hold certain specific US statutes and provisions of the US Constitution to be applicable in the Ryukyus, and it may at some time be desirable to ask the President to specify by Executive Order that certain US statutes be made to apply in the Ryukyus, for example, the Civil Aeronautics Act.

It is not considered desirable to ask Congress for an organic act for the Government of the Ryukyus because such an act would imply more permanent control over the Ryukyus than we intend to exercise and, by virtue of such implication, would unnecessarily irritate the Japanese. The arrangements for our exercise of control should be as authoritative as possible—short of an organic act—and consequently the issuance of an executive order, establishing the framework for our exercise of control through the Department of Defense and such directive as may be issued, is preferable to the issuance solely of a directive by the Joint Chiefs to the Governor.

The questions concerning judicial remedies for persons who are not Ryukyuan nationals have prompted a revision of the paragraph of the directive dealing with the establishment of Ryukyuan courts

and the deletion of a paragraph authorizing the Civil Administration to establish *ad hoc* tribunals to exercise jurisdiction in specific individual cases of particular importance affecting United States security and personnel. Under the proposed revision Ryukyuan courts would exercise jurisdiction in all cases except cases of criminal offenses committed by US military personnel, civilian employees or dependents, who are subject to trial in US military courts under provisions of the Uniform Code of Military Justice. This proposed revision would eliminate the exercise of civil jurisdiction and criminal jurisdiction by Civil Administration courts from which individuals would have no right of appeal, and which are not subject to any statutory safeguards of individual rights as are Ryukyuan courts and US military courts established under the Uniform Code of Military Justice.

(3) *The Governor.* The term "Military Governor" has been changed to "Governor" in the only place in which it appears. The suggestions that the Governor and Deputy Governor be appointed by the President of the United States has been adopted in paragraph A3 of the revised directive. It is contemplated that the Commander in Chief, Far East will be appointed as Governor.

(4) *The "primary mission".* Paragraphs 1 and 2 under B have been revised to make it clear that the well-being and good government of the inhabitants of the islands are not merely by-products of the security mission.

(5) *Exercise of a "security" veto over the Ryukyuan Government.* In recognition of the proposal that some restraint be placed on the exercise of the veto power by the Governor, paragraph C1 has been revised to provide that, except in emergencies, all of the powers of the Civil Administration specified in the paragraph (to veto or suspend laws, to promulgate laws, to review or modify court decisions, to remove officials from office) will be exercised by the Governor only after approval by the Secretary of Defense with the concurrence of the Secretary of State.

(6) As suggested in the "Comments", paragraph C2 has been eliminated and will be made a part of a covering instruction rather than of the Directive. However, the substance of subparagraph (f) has been retained as the "bill of rights" for the Ryukyuan people.

(7) Paragraph H has been revised to eliminate the invidious comparison between the standards of health and welfare which may be satisfactory for the Ryukyuans and those which may be considered necessary for United States personnel.

(8) Paragraph L has been revised to eliminate the qualification "to the extent appropriated funds are available" from the requirement to make "fair and prompt compensation" to the Ryukyuan people for the use of their land and for their labor. Since existing

law imposes a bar against over-spending of an appropriation, the qualification is unnecessary.

Explanation of Proposals Regarding Civil Administration of Ryukyus Other Than Those Prompted by the Comments

1. The Preamble to the Directive has been revised to follow more exactly the language of Article 3 of the Treaty of Peace.

2. We believe, as we urged in the Department of State presentation to the NSC Planning Board in connection with the basic decision on the Ryukyus, that an Executive Order is necessary in order to formalize the delegation to the Department of Defense of responsibility for administration and to serve as the public document which provides the "bill of rights" for the Ryukyuan people and which gives evidence of the responsible manner in which the United States proposes to exercise its stewardship. Much of the material from the present Directive could be lifted bodily and incorporated into such an Executive Order. We believe that the NSC in acting on the Directive should request the Bureau of the Budget, in consultation with other interested agencies, promptly to develop the Executive Order. In the future it may be necessary to propose that additional Executive Orders be issued which would make certain US legislation applicable to the Ryukyu Islands.

3. FE has had certain recent indications that the question of compensation for the use of land is still a source of considerable difficulty. We therefore propose to include in the document transmitting the directive an instruction requiring the submission of an early and detailed report by the Governor to the United States Government on land compensation, and Paragraph J of the Directive has been revised to state that the Civil Administration will consult with local authorities on the selection of land for use.

4. It is planned in transmitting the Directive to instruct the Governor of the Ryukyus to make semi-annual progress reports to the United States Government on reduction of United States responsibility for civil administration and, when feasible, to suggest specific plans for the relinquishment of administrative responsibilities. Semiannual progress reports will give the Operations Coordinating Board an opportunity for periodic review of this question.

[Tab D]

Comments on Directive for U.S. Civil Administration of the Ryukyu Islands

1. The Underlying Political Decision

The directive itself does not deal with the basic political decision involved in setting up a U.S. civil administration of the Ryukyu Islands for an indeterminate future. These comments are made without reference to any National Security Council paper presenting that problem.

The directive is apparently based upon the political assumption *either* that the anticipated arrangement will be reasonably satisfactory to the Japanese and the Ryukyuans *or* that the arrangements must be carried through despite their opposition.

If the proposed arrangement is not considered to be reasonably satisfactory to the Japanese and the Ryukyuans, the gravity of the political decision should not be minimized. So far as our relations with the Japanese are concerned, the rapid rise of an irredentist issue over the Ryukyus could seriously entangle U.S.-Japanese relations and undermine the security position of the United States in Japan itself. In the longer run, the attitude of Japan would appear to be infinitely more important to us than our position in Okinawa. As for the Ryukyuans, serious opposition to the arrangement would throw an issue of self determination before the American people and before the rest of the world in which the United States would be cast in the role of imposing its rule upon several hundred thousand unwilling subjects of another race and culture. Such a situation would cut across the conscience and long tradition of our people and would greatly weaken our influence and relationship with the peoples of Asia, the Middle East and even Latin America. It would provide an issue easily exploitable by the Communists and deepen the impression that the Soviet Union is the principal great power ally of anti-colonial peoples. That the issue would be a false one does not remove its dangers.

Can the above issues be met without endangering the military position which the United States desires in the Ryukyus? They can be, at the cost of some inconvenience and by accepting risks of a lesser order of magnitude than those posed above.

First, it is not clear why a joint U.S.-Japanese Trusteeship of the Ryukyus should not be submitted for approval to the United Nations. While there is no obligation to do so under the terms of the Japanese Peace Treaty, there is a strong implication that such a step would be taken in the absence of the most compelling reasons. Such a Trusteeship need not be "strategic" in type, subject to a

veto in the Security Council; it can be of the general type, subject to General Assembly approval. There is no provision which could be written in one type of Trust Agreement which could not be written in the other; security matters can be effectively dealt with. A joint U.S.-Japanese Trusteeship could make the Japanese responsible for non-security matters and the U.S. responsible for security. While the drawing of a line between the two functions might be difficult, it can be done unless the United States wishes to exercise its "security" responsibility in a frivolous and irresponsible manner, far beyond the arrangements we are willing to accept in such places as Hawaii, Alaska and other Pacific islands.

If a joint Trusteeship is believed unacceptable because we are fearful of the longer-run attitude of the Japanese, it is suggested that Japan's attitude become our principal concern and that we deliberately move to tie Japan to us with even stronger ties, one of which would be partnership in the Ryukyus.

A joint Trusteeship would be the surest safeguard against an issue of self-determination being raised against us in the United Nations, for the United Nations itself would have approved the arrangement.

Second, if Trusteeship is unacceptable by the United States, it is believed that certain steps could be taken to minimize the dangers involved in the proposed arrangement. For example, the real position of the United States under the arrangement is more favorable (in terms of U.S., Japanese, Ryukyuan and world opinion) than the position which is to be made public. This rests upon the understanding that the concept of eventual return to Japan is not to be a part of the directive to be made public. Can this be kept secret in any event? Will not political pressures smoke out this concept? If so, why not make this clear at the beginning?

Third, the arrangement in the Ryukyus might be linked more specifically to other events in such a way as to explain U.S. desire for continued control and to place a share of responsibility where it belongs, namely, upon Communist aggression. For example, the United States might declare that it is prepared to return the Ryukyus to Japan conditioned upon the return of the Kuriles. Or we might declare that we will consider the future of the Ryukyus after a satisfactory settlement in Korea, Indo-China, and with respect to the general peace and security of the Pacific area.

2. The Directive as Drafted

The following comments are offered on the draft directive, accepting the underlying political assumption upon which it appears to rest:

a. *The Legal Structure*

Certain questions arise as to the legal position. It is clear that, as a matter of international law, the United States is entitled to exercise executive, legislative and judicial authority in the Ryukyus. It is not clear, as a matter of American law, how this authority is to be exercised. What law governs the American military establishment in the Ryukyus? Under what laws will U.S. and foreign civilians be governed? Are we planning to exercise residual governmental authority over several hundred thousand people by, in effect, military fiat established by an executive order? There is no indication that it is proposed to ask Congress for an organic act for the temporary government of the Ryukyus: would such be desirable? Will the laws and Constitution of the United States be applicable at least to U.S. and non-Ryukyuan aliens in the islands? Are all non-Ryukyuan personnel in the islands to become subject to the Uniform Code of Military Justice? Is this code adequate to cover the vast range of situations which might develop in governing the islands?

It would seem to be completely fundamental that the exercise of American power over a population be on the basis of law, and that law be adequate and well known to all who come under it. The directive appears enlightened and satisfactory insofar as the law applicable to Ryukyuans is concerned. But except for U.S. military personnel under the Uniform Code of Military Justice, what recourse is there for any individual who feels himself the victim of an arbitrary act of military power? If the answer is "there is none", the proposed arrangement would be intolerable.

b. *The "Military Governor"*

The directive purports to establish a "Civil Administration"; why not call the chief officer a "Governor" rather than a "Military Governor", even if it is anticipated that he shall always be a military person? It is not easy to defend the governing of large numbers of people by a "Military Governor" in peace time; the term raises a false issue for our enemies.

Further, it is strongly recommended that the Governor and the Deputy Governor (who will be the actual Governor in residence on the islands) be appointed in each instance by the President of the United States. The procedure is simple; it would emphasize that it is the government of the United States which is responsible for the Government of the Ryukyus and would serve to remind the individuals concerned that they are carrying a very heavy responsibility which goes far beyond a routine military assignment.

c. *The "Primary Mission".*

It is offensive to American responsibility to state the "primary mission" of the Civil Administration in strictly military terms. We are asserting responsibility for the government of several hundred thousand people—human beings. Their safety, well being and good government are a first charge upon us and rate at least equally with our own national security interests. This could easily be handled by redrafting the first two paragraphs under B, page 2. In redrafting, it should be kept in mind that the directive will become public, even though it is now planned not to make it public initially. It might remain secret for as long as six months.

d. *Exercise of a "security" veto over Ryukyuan Government*

The directive makes clear the general spirit of self-government which the Ryukyuans are to enjoy. It does not, and probably cannot, contain detailed instructions as to circumstances in which it would be permissible for the Governor to exercise his ultimate authority to override action by Ryukyuan authorities. It would greatly strengthen the political foundations of the directive if it were provided that, except in emergency, the Governor would ask for instructions from the United States Government before exercising his veto.

e. *Maintaining close contact with Ryukyuans*

Paragraph C. 2, on page 3 contains wholesome advice to the Governor in the direction of using his influence to insure developments in the islands which will not force him to use his residual authority. It is suggested that some of this material be dealt with in a supplementary instruction rather than in the directive itself. The publication of the present text would cast Ryukyuan authorities in the role of "puppets" and would arouse unnecessary cynicism about the nature of the self government which the directive tries to extend.

f. *Public Health*

In section H, page 7, it is suggested that reasonable standards of public health might be one thing for the Ryukyuans and something quite different for Americans. This section is unnecessarily tactless and could provoke the deepest resentment in many parts of the world. We do not need to suggest that disease and filth are all right for some people, unless they get close enough to Americans to infect us. This is not a matter of substance, but of more skillful wording.

g. *Fair and Prompt Compensation*

Section L, page 9, in providing for fair and prompt compensation "to the extent appropriated funds are available" for Ryukyuan land, labor or other Ryukyuan resources by U.S. agencies, suggests the possibility that the Civil Administration may require private land, private labor and private resources for which it can not pay for lack of U.S. appropriated funds. This loophole should be plugged, at least for circumstances short of an actual operational military emergency. If the need is important enough to levy upon the Ryukyuans, it is important for Washington to bestir itself to find the necessary funds.

3. Conclusion

While the above comments have been largely confined to adverse criticism, they have been directed toward suggestions for improvement of a directive which, given its assumptions, is to be commended for its breadth of spirit and its obvious attempt to remove some of the adverse consequences of the underlying political decision. Had time been taken to do so, specific compliments would have been directed to most of its provisions. The primary questions are whether the United States Government feels that it is fully satisfied with the basic political decision and the legal framework within which the Civil Administration would operate.

No. 730

794C.0221/1-1154

The Secretary of State to the Secretary of Defense (Wilson)

CONFIDENTIAL [WASHINGTON,] January 11, 1954.

DEAR MR. SECRETARY: I have been concerned that the United States should adequately and responsibly perform the difficult task of conducting civil administration for the 700,000 alien people in the Japanese Treaty Islands still under our control. Not only do we owe it to the people themselves that we do a good job of administration, but we owe it to our position in the United Nations and before world opinion generally that we avoid any just criticisms of our performance. With these thoughts in mind I have had the draft Civil Affairs Directive thoroughly examined both inside and outside the Department of State. As a result of this examination, I am sending you under cover of this letter a proposed revision of the Directive.

I believe that you will find that the suggested changes are compatible with military requirements, and that you will be able to agree that the National Security Council should approve the Directive in the revised form, as enclosed. [1]

In addition, I plan to suggest to the National Security Council that it should direct the Bureau of the Budget to prepare promptly an Executive Order which would formalize the delegation to the Department of Defense of administrative responsibility and serve as the public document providing a "bill of rights" for the Ryukyuan people and giving public evidence of the responsible manner in which the United States proposes to exercise its stewardship. Some of the language of the present Directive can no doubt be utilized in the Executive Order creating the United States Civil Administration. I hope that you will also be able to agree to the suggestion for the prompt preparation of such an Executive Order. [2]

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[1] Not found attached, the revision is printed *infra*.

[2] The question of U.S. civil administration in the Ryukyu Islands was discussed at the NSC meeting held on Jan. 14. The Council's consideration of this topic is summarized in the memorandum of discussion as follows:

"Mr. Cutler informed the Council that while the State Department had finally sent to the Defense Department its views with regard to the administration of the Ryukyus, the State proposals were of such a character that the Defense Department had not yet recovered from the shock. Accordingly, they would want another month before this subject received final consideration by the National Security Council. After the laughter had subsided, the President said 'Don't tell me that the State Department wants to take over the civil administration of the Ryukyus.'

"Secretary Kyes, still in a humorous vein, said that this appeared to be the essence of their proposal, but Secretary Dulles denied this, and said that State was

Continued

Sincerely,

JOHN FOSTER DULLES

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merely proposing that the Governor of the Ryukyus be appointed by the President rather than by the Secretary of Defense." (Memorandum drafted by Gleason on Jan. 15, Eisenhower Library, Eisenhower papers, Whitman file) For record of further action, see the extract from the memorandum of discussion at the NSC meeting held Feb. 17, Document 737.

No. 731

794.0221/1-1154

Draft Directive for United States Civil Administration of the Ryukyu Islands

CONFIDENTIAL [WASHINGTON,] 11 January 1954.

(Underlining indicates words added and brackets indicate words deleted from draft of 9 November 1953) [1]

PREAMBLE

Under Article 3 of the Treaty of Peace with Japan empowers the United States [to exercise all and any] *is exercising the* powers of administration, legislation and jurisdiction over the territory and inhabitants of Nansei Shoto south of 29° north latitude, including territorial waters, *except with respect to the islands in the Amami Oshima group, the administration of which the United States has relinquished to Japan.* [The United States has relinquished to Japan the powers of administration, legislation and jurisdiction over those islands which were historically part of Kagoshima Prefecture.]

The [other] *remaining* islands of Nansei Shoto *specified in Article 3 of the Treaty of Peace with Japan over which the United States continues to exercise authority* (hereinafter referred to as the Ryukyu Islands) are of critical strategic importance to the security of the free world. For this reason the United States has developed in these islands a system of military bases and other installations to serve the defense of the entire Pacific area. Pending the establishment of enduring conditions of peace and stability in the Far East, the United States [is required] *plans* to maintain the degree of control and authority now exercised with respect to the [other] *Ryukyu* islands [included under Article 3 of the Peace Treaty] so as to enable the United States to contribute effectively to the maintenance of security in the area.

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[1] Underlined words set here in italics; all brackets are in the source text.

A. U.S. CIVIL ADMINISTRATION OF THE RYUKYU ISLANDS

1. Prior to the coming into effect of the Treaty of Peace with Japan the Ryukyu Islands were administered as enemy territory under U.S. military occupation. With the effective date of the Treaty the Islands ceased to be enemy territory. However, the administrative, legislative and judicial powers over the Islands, conferred on the United States by Article 3 of the Peace Treaty have been and will continue to be exercised by the Department of [the Army] *Defense* through the instrumentality of a [Military] Governor. The Department of State, in consultation with appropriate agencies of the Department of Defense, will in the future exercise all powers of the United States with respect to the relations of the Ryukyu Islands with foreign governments and international organizations.

2. The responsibility for the administration of the Ryukyu Islands will henceforth be executed pursuant to this directive and such further instructions as may be issued from time to time by the Department of [the Army] *Defense* in order to facilitate the achievement of the objectives set forth in this directive. The administration of this area by the Department of [the Army] *Defense* will be termed the "United States Civil Administration of the Ryukyu Islands" (USCAR), hereafter called the Civil Administration.

3. [This responsibility is delegated to the Commander-in-Chief, Far East, as Governor of the Ryukyu Islands, who is authorized to appoint a subordinate officer of the United States Armed Forces as Deputy Governor to whom he may delegate such authority as he desires, consistent with this directive and subsequent directives.] *The United States Civil Administration for the Ryukyu Islands shall be in charge of a governor and deputy governor to whom the governor may delegate such authority as he deems consistent with this directive and subsequent directives. The governor and the deputy governor shall be appointed by the President of the United States.* In the discharge of his functions the Deputy Governor will be responsible directly to the Governor. References hereafter to the powers and functions of the Civil Administration are to be construed as being synonymous with references to the powers and functions of the Governor, without implication as to what specific authority the Governor might wish to delegate.

B. MISSION AND OBJECTIVES OF THE U.S. CIVIL ADMINISTRATION

[1. The primary mission of the United States Civil Administration of the Ryukyu Islands is to foster conditions within the islands which will enable the United States armed forces in and about the Ryukyu Islands successfully to carry out their military mission and

to further the interests of the United States in its struggle to preserve the free world.]

[2. The development and maintenance of conditions of political and economic stability in the Ryukyu Islands is essential to the fulfillment of this mission. The United States Civil Administration will strive in all ways to assist and encourage the Ryukyuan people in the achievement of such political and economic stability by ways and means of their own choosing, except where such ways and means are in conflict with the mission of the Civil Administration.]

1. The mission of the U.S. Civil Administration of the Ryukyu Islands is to assure that this strategic area will contribute effectively to the peace and security of the free world. The successful consummation of this mission requires the well-being of the Ryukyuan people, their achievement of political and economic stability and the maintenance of good relations with their neighbors.

[3.] *2.* In pursuance of this mission the basic objectives of the Civil Administration will be:

(a) To encourage and strengthen democratic tendencies in governmental, economic and social institutions of the Ryukyu Islands.

(b) To encourage the development of an effective and responsible government, based on democratic principles and supported by a sound financial structure, the administration of which considers, among other things, the cultural and educational ties between the Ryukyu Islands and Japan. [and the eventual return of the islands to Japan.]

(c) To assist the Ryukyuan people in achieving a viable economy which will permit the maintenance of a standard of living reasonably comparable to that of Japan and which can ultimately be sustained by the efforts of the Ryukyuan people.

(d) To assist the Government of the Ryukyuan Islands and the Ryukyuan people in achieving those standards of living, education, public health, and public safety requisite to the achievement of the objectives noted above.

C. AUTHORITY OF THE U.S. CIVIL ADMINISTRATION

1. The U.S. Civil Administration will govern through an indigenous Government of the Ryukyu Islands (GRI, see D. below); but the Civil Administration may, if such action is necessary for the fulfillment of its mission, veto or suspend laws or any other acts of the Government of the Ryukyu Islands or its local subdivisions; promulgate laws, ordinances or regulations; review or otherwise modify any decision, judgment, or sentence of the courts; remove officials from office. The U.S. Civil Administration may resume, in whole or in part, the exercise of full authority in the Ryukyus, if such resumption of the exercise of authority appears indispensable for security reasons. *Except in emergencies, the foregoing powers*

will be exercised only after approval of the proposed action by the Secretary of Defense with the concurrence of the Secretary of State.

[2. In exercising the powers enumerated in the preceding paragraph the Civil Administration will maintain close contacts with Ryukyuans in responsible and influential positions. Within these contacts it will be appropriate for the Civil Administration to provide information, assistance and guidance rather than to exercise authoritative prerogatives. Every effort will be made, through such counsel and consultation methods, to insure that final actions by the Government of the Ryukyu Islands and its functional and local subdivisions will embody solutions acceptable to the Civil Administration. This will considerably reduce the necessity for the Civil Administration actually to take the extreme step of vetoing legislation, nullifying an election, reversing an announced executive action, or otherwise overriding an act of the Government of the Ryukyu Islands or interfering with the latter's normal functions. It is the policy of the U.S. to reduce its responsibilities for civil administration of the Ryukyus as rapidly as compatible with military requirements. The ultimate authority to control the government of the Islands rests with the Civil Administration. Subject to the foregoing, however, the Administration will:]

[a. Promote an atmosphere of mutual cooperation and understanding in which the Government of the Ryukyu Islands can be permitted to exercise the normal power of government in all matters of domestic administration.]

[b. Advise and consult with the appropriate Ryukyuan executive and legislative authorities in advance of legislation by the Ryukyuan legislature or the municipal legislative bodies with a view to making unnecessary the use of the veto power.]

[c. Refrain from the exercise of the authority to review decisions of the Ryukyuan courts except in cases involving a serious threat to the fulfillment of the Civil Administration mission.]

[d. Cooperate and coordinate with the Government of the Ryukyu Islands and with the municipal governments at all levels in the formulation and development of programs, policies and procedures, while recognizing that such governments should be accorded as much freedom as possible in achieving the political aspirations of the Ryukyuan people in fostering its trade, commerce, and industry, and in developing the resources of the islands.]

[e. Refrain from exercising its power to remove from office officials of any level of Ryukyuan government except in instances where the continuance of the official in office would constitute a serious threat to the fulfillment of the Civil Administration mission.]

[f. Preserve in all its acts, to the Ryukyuan people, the basic liberties enjoyed by people of democratic countries, including freedom of speech, assembly, petition, religion, and press, and security from unreasonable searches and seizures, and from deprivation of life, liberty or property without due process of law.]

[g. Encourage political parties, with rights of assembly and public discussion. However, such rights need not be extended to political groups or organizations which advocate political, governmental or social change by means other than orderly legal processes or peaceful petition, or which operate in such fashion as to preclude effective control over party policies and activities by the full membership of such parties.]

[h. Make every reasonable effort to achieve its civilian administration objectives with a minimum disruption of the lives of the Ryukyuan people.]

2. *In exercising the powers enumerated in the preceding paragraph the Civil Administration will preserve in all its acts to persons in the Ryukyu Islands the basic liberties enjoyed by people of democratic countries, including freedom of speech, assembly, petition, religion, and press, and security from unreasonable searches and seizures, and from deprivation of life, liberty or property without due process of law.*

D. THE GOVERNMENT OF THE RYUKYU ISLANDS (GRI)

1. There will be maintained a [responsible] central government, and [responsible] governments at the municipal level. The central government shall be known as the Government of the Ryukyu Islands.

2. The Government of the Ryukyu Islands shall conform [in general] to the principles of democratic self-government.

3. The legislative power of the Government of the Ryukyu Islands, except as otherwise provided herein, shall be vested in a legislative body whose members are elected by the people of the islands under procedures established by the legislative body. The legislative body shall exercise legislative powers which extend to all subjects of legislation of local application. The legislative body shall be the judge of the selection and qualification of its own members and shall choose therefrom its officers and determine its rules and procedures. The legislative powers of the municipal governments shall be exercised by local legislative bodies elected by the inhabitants of the municipalities in accordance with procedures established by the Government of the Ryukyu Islands.

4. Executive officers of the Government of the Ryukyu Islands and of the municipal governments shall be elected either directly or by their respective legislative bodies, as determined by the legislative body in accordance with rules and procedures established by such body.

5. [A system of courts will be maintained by the Government of the Ryukyu Islands, including civil and criminal courts and appellate tribunals. These courts will exercise jurisdiction over all resident Ryukyuans. Such jurisdiction will be extended at the discre-

tion of the Civil Administration to include any other persons in the Islands as rapidly as compatible with the capability of the Ryukyuan courts to handle such cases. The Ryukyuan courts will not exercise jurisdiction over members of the U.S. armed forces, civilian officials and employees of the U.S. Government, their dependents, or other persons subject to military law pursuant to the "Uniform Code of Military Justice", Article 2, paragraphs (1) through (11). The judges and other officers of the courts will be appointed by the Chief Executive of the Government of the Ryukyu Islands, in accordance with the procedures established by the Ryukyuan legislative body.] *A system of courts will be maintained by the Government of the Ryukyu Islands, including civil and criminal courts and appellate tribunals. These courts shall exercise civil and criminal jurisdiction in all cases except those involving criminal offenses committed by persons subject to United States military law in accordance with Paragraphs (1) through (11) of Article 2 of the Uniform Code of Military Justice. The judges and other officers of the courts will be appointed by the Government of the Ryukyu Islands, in accordance with the procedures established by the Ryukyuan legislative body.*

[6. In addition to the aforementioned courts, Civil Administration tribunals may be convened for the purpose of exercising jurisdiction in specific individual cases of particular importance affecting the security of the United States, its property and/or its personnel. These tribunals are not to be regarded as a continuously functioning element of the judicial machinery, but only as *ad hoc* tribunals convened for special cases clearly beyond the competence of the Ryukyuan courts. These tribunals will function in accordance with proclamations, ordinances and directives promulgated by the Civil Administration. All revenues from these tribunals will be transferred as general revenue to the Government of the Ryukyu Islands.]

E. CODIFICATION OF RYUKYUAN LAW

The Civil Administration will advise and assist the Government of the Ryukyuan Islands with respect to the enactment and effective administration of civil and criminal codes and the codification of Ryukyuan laws, ordinances and regulations. In carrying out this responsibility the Civil Administration should give recognition to the desirability of correlating the Ryukyuan legal system, including the civil and criminal codes, with the present legal system of Japan.

F. ADMINISTRATION OF ECONOMIC AFFAIRS

1. The Civil Administration will assist and encourage the Ryukyuan Government to establish and maintain a long-range economic program through the development of the resources of the Ryukyus. This program would be designed to establish an economy that will support a standard of living reasonably comparable to that of Japan. This program should include but not be limited to assistance in the development of:

(a) All suitable forms of agriculture, fishing, industry and commerce under a system of free, competitive enterprise.

(b) A sound policy for the conservation and utilization of the natural resources of the Ryukyuan Islands, with special emphasis on land reclamation and improvement and the development of scientific methods of agriculture.

(c) A long-term basis of Ryukyuan industries and natural resources with a view to reducing import requirements and increasing exports.

(d) Ryukyuan foreign trade and the encouragement of foreign investment in the Ryukyuan Islands. Recognition should be given to the fact that Japan is the foremost importer from the Ryukyuan Islands and the foremost exporter to the islands. Travel by businessmen between the islands and Japan should be encouraged.

(e) A stabilized financial structure based on an equitable system of taxation adequate to support the Ryukyuan Government, a sound banking and currency system, including a single rate of exchange appropriate for all foreign transactions with the ultimate objective of free convertibility.

(f) Protective labor legislation defining standards of hours, minimum wages and working conditions and the encouragement of the formation of organizations of employees along democratic lines which the Civil Administration determines to be beneficial to the Ryukyuan people and with the view to the eventual return of the area to Japan.

2. [(g) A fund in which] All local currency revenues obtained from the sale of GARIOA supplies or received by the Civil Administration as a result of GARIOA investments will be deposited *in a special fund.* This fund may be used *with the approval of the Civil Administration* for the following purposes:

(i) Minimum essential support of the Government of the Ryukyu Islands, pending the development of adequate revenues.

(ii) Reasonable local currency expenses of the Civil Information and Education Program.

(iii) Economic rehabilitation, including but not limited to the extension of loans to agriculture and private enterprises which will expand domestic production and services and promote economic self-support.

(iv) Public works, capital improvements and disaster relief conducted by the Government of the Ryukyu Islands with the approval of the Civil Administration.

G. ADMINISTRATION OF CIVIL INFORMATION AND EDUCATION

1. The Civil Administration will conduct a civil information and education program, the primary purposes and principles of which are as follows:

(a) The skills and facilities available through the program will be utilized in all possible ways to facilitate and hasten achievement of the basic objectives of the Civil Administration, and to assist the components of the Civil Administration in the accomplishment of specific projects and programs.

(b) The civil information and education program will give strong encouragement and assistance to the development, among the Ryukyuan people, of competence and willingness to assume progressively greater responsibility in the conduct and support of civil affairs.

(c) The civil information and education program will provide advice and counsel to Ryukyuan education institutions at all levels, encouraging the establishment and maintenance of an educational system appropriate to the needs and capabilities of the Ryukyuan people and to their Japanese heritage.

(d) In fulfilling the other objectives set forth in this section the civil information and education program will strive to create among the Ryukyuan people attitudes of understanding, friendship, trust, and common interest relative to the United States and other members of the free world community.

H. ADMINISTRATION OF PUBLIC HEALTH AND WELFARE

The Civil Administration will cooperate with the Government of the Ryukyu Islands to secure reasonably high *satisfactory* standards of public health and welfare for the Ryukyuan people. The Civil Administration may contribute, out of available funds, to the maintenance of such standards. [To the extent that health requirements of U.S. personnel stationed in the Islands may necessitate the maintenance of Ryukyuan public health at a level beyond that to be considered reasonable for the Ryukyuan people themselves, the Civil Administration is authorized to utilize available appropriated funds to maintain such higher level.]

I. ADMINISTRATION OF PUBLIC SAFETY

The Civil Administration will advise and assist the Government of the Ryukyu Islands and the local governments to establish public safety systems which will assure the peaceful maintenance of law and order in a manner which will safeguard the fundamental rights of the Ryukyuan people. (See also Section L, para 1, subpara a, below).

J. PROCUREMENT AND USE OF REAL PROPERTY

1. The exercise of full governmental powers in the Ryukyus on the basis of the Peace Treaty with Japan provides authority for the Civil Administration to utilize the public property of the Japanese Government in the Ryukyuan Islands as the United States authority designated to exercise the United States powers of administration, legislation and jurisdiction in the islands. The Civil Administration may in its discretion permit the Government of the Ryukyu Islands to use such property on such terms and conditions as it determines, but may not transfer the title to such property.

2. The Civil Administration will be the United States agency responsible for the acquisition of real estate and other facilities in the Ryukyu Islands required for the use of United States Government agencies. Property [required] for the use of United States Government agencies will be acquired by *purchase or* lease, negotiated by the GRI when appropriate, with the owners of the property. In addition, when appropriate and when funds have been authorized for the purpose, use of certain property for so long as it may be [required] *needed* by the United States may be procured by the acquisition of easement interests in such property, full compensation in the amount of the assessed value of the property being made initially to the owners. In the event that leases or easements for [required] property cannot be negotiated on equitable and reasonable terms, the Civil Administration shall [direct the Government of the Ryukyu Islands to] *determine, after consultation with local authorities and the Government of the Ryukyu Islands, whether the property is required for use by the United States. The Government of the Ryukyu Islands shall* acquire *for the United States* the necessary leasehold interest in the property by the exercise right of eminent domain in condemnation proceedings and the United States shall make reasonable and prompt compensation. The condemned property shall be made available to the United States by the Government of the Ryukyu Islands.

3. The Civil Administration in determining the facilities and areas to be made available to the United States armed forces in carrying out their military mission shall give full consideration to the effect which such determination may have on the economic and social life of the Ryukyuan people and give adequate respect to the property rights of the individuals concerned.

4. The Civil Administration will act as the agent of the United States in compensating private owners of real estate or other property for the use of their land and/or other property subsequent to July 1, 1950.

5. The Civil Administration will advise and encourage the Ryukyuan Government in developing and maintaining adequate records of land titles.

6. Non resident individuals or corporations owning real estate in the Ryukyu Islands which is not needed by the United States Government may continue to control such property, if it is reasonably utilized to the benefit of the Ryukyuan economy. Should these owners decline to permit such use of their property, the Government of the Ryukyu Islands may, at the direction of the Civil Administration, condemn the land and use it for the benefit of the Ryukyuan economy.

K. SUPPLEMENTARY INSTRUCTIONS

1. The Civil Administration will assist the Government of the Ryukyu Islands in the development of a program to resettle Ryukyuans, who have been deprived of land by the requirements of U.S. military forces, within the Ryukyuan archipelago and other suitable areas.

2. The Civil Administration will have prepared and will transmit to the Department of [the Army] *Defense* from time to time, as requested, estimates, with complete justification, of appropriations from United States funds for the U.S. Civil Administration of the Ryukyuan Islands. It will be responsible for the expenditure, under approved procedures, of funds made available for such purposes. Monthly progress reports will be prepared and submitted to the Department of [the Army] *Defense.*

3. All United States agencies in the Ryukyu Islands will abide by and conform to Civil Administration ordinances and directives.

4. JCS directives for Civil Administration of the Ryukyu Islands, previously issued, are superseded by this directive.

5. The proclamations, ordinances and directives heretofore issued by the Civil Administration will continue in force and effect until amended or rescinded pursuant to the terms of this directive.

L. FISCAL RELATIONS BETWEEN THE COMMANDER IN CHIEF, FAR EAST, AND THE GOVERNMENT OF THE RYUKYU ISLANDS AND THE RYUKYUAN PEOPLE

Fair and prompt compensation [to the extent appropriated funds are available] will be made to the Government of the Ryukyu Islands, and/or to the Ryukyuan people for the use of Ryukyuan land, labor or other Ryukyuan economic resources by U.S. agencies. The question of compensation for the use of land will be kept under review in the light of the economic position of the Ryukyus.

Note: In addition [to] [2] the proposed directive it is also proposed that the document transmitting the directive contain additional instructions to the Governor, probably secret, which will include: (a) all of old Paragraph C(2) except item f; (b) a requirement for a full and detailed report within three months on the problem of land use and compensation; (c) a requirement for semi-annual progress reports on reduction of responsibility for civil administration.

[2] Bracketed insertion added by the editors.

No. 732

794.5 MSP/1–1254: Telegram

The Ambassador in Japan (Allison) to the Department of State

SECRET PRIORITY TOKYO, January 12, 1954—7 p.m.

1718. In analyzing latest Japanese defense program as forwarded in Embassy telegram 1709, January 11, [1] there are several general points which should be emphasized. While program is still less than we would have liked, nevertheless it represents increase over what Ikeda was talking about in Washington and over what Okazaki put forward on December 28. Even more significant is fact that no attempt has been made this year in formulating Japanese defense budget to reduce expenditures. This is in sharp contrast to attitude one year ago when defense appropriations were cut by approximately 60 billion yen from previous year. Amount allocated to National Safety Agency this year is 20 billion yen more than in previous year's budget. This, of course, is obtained by saving of 5 billion yen in Japan's contribution to United States forces so that actual Japanese additional expenditure is only 15 billion yen. In opinion of Treasury Attaché Diehl, inclusion in budget of 10 billion yen reappropriation for relocation expenses is real victory for United States. Diehl is also of opinion that while 20 billion yen estimated by Japanese to be rental value of state-owned property turned over to United States security forces may be somewhat exaggerated, nevertheless turning over of these properties does represent real contribution by Japanese Government and even if it is only half of amount estimated, it deserves consideration as part of Japan's defense contribution.

It is difficult to over-emphasize problems Japanese Government has faced and will continue to face in formulating budget wherein

[1] Not printed. (794.5 MSP/1–1154) For background information on the proposed Japanese budget, see the memorandum by McClurkin, *infra*.

only advances are in defense items. There has been and continues to be considerable agitation against decreases, particularly in such items as social security and welfare funds. At least four Ministry of Finance officials have been physically beaten by irate mobs protesting against budget cuts. Threats to other Finance officials have been so common that budget examiners have been taken to and from work in armored cars and have met in various places throughout Tokyo other than Finance Ministry in order to avoid protesting mobs. In spite of this agitation, government has so far remained firm and this is due primarily to strong stand being taken from very top by Yoshida, Ikeda, and Okazaki.

In our opinion chief United States interest is in seeing substantial increase in numbers of personnel added to armed forces. We believe present proposals do represent substantial increase and are most that government can do politically at this time. Real significance should be attached to addition of 33 persons for high-level liaison with United States forces as this is first concrete step taken by Japanese to enable them to carry out combined planning with United States forces which has long been one of principal United States desiderata. The increase of 213 civilians to the staff of National Safety Agency to work directly under Masahara is also of real importance as it indicates Japanese Government means business in setting up real defense organization. The over-all increase in defense manpower is slightly more than 33 percent, which in light of still formidable opposition to rearmament is commendable. From other Japanese Government sources we are informed that definite plans and legislation are being formulated for creation of a reserve. These plans not yet sufficiently concrete to report however.

In light of above it is our considered opinion that United States agreement to some reduction in Japan's contribution to United States forces is justified and would be real factor in encouraging Japan to continue along road it has now at long last started. However, we believe that full amount of 5 billion yen should not be agreed to. Therefore request authority to tell Japanese on or before afternoon January 14 United States will accept reduction in Japanese contribution of 2,500,000,000 yen, providing force goals remain at approximate levels given me last night.

Following is FEC position:

Although force increases are well below United States position, FEC concurs in belief that forces are probably maximum that can be expected at this time. It is also recognized that reduction of yen support of USFJ might encourage Japanese public support of NSA

program. However, withdrawal of this support will necessitate increased dollar appropriation.

ALLISON

No. 733

794.5 MSP/12-3053

Memorandum by the Deputy Director of the Office of Northeast Asian Affairs (McClurkin) to the Assistant Secretary of State for Far Eastern Affairs (Robertson)

CONFIDENTIAL [WASHINGTON,] January 13, 1954.

Subject: Japanese Defense Budget.

The Japanese Cabinet must submit to the Diet within the next few days the national budget for the fiscal year beginning April 1. Prime Minister Yoshida, with the support of Ikeda, Ichimada, Governor of the Bank of Japan, and other financial leaders, has made a strong plea for a balanced budget and a reduction of governmental expenditures. (See attached Embassy telegram 1624, Tab A.) [1] The preliminary budget submitted to the Cabinet by the Finance Ministry on December 29 called for total expenditures of 994 billion yen for the coming year, which is slightly less than the current year's budget and roughly half of the total budget requests of the various ministries. If this budget is actually approved by the Diet, it would be the first postwar year in which governmental expenditures were reduced from the level of the previous year. The draft budget provides for reductions in all major categories of expenditures except defense which would be increased from 123 billion yen to 145 billion yen (plus a reappropriation of 10 billion yen of JFY1953–1954 funds).

In view of the opposition to rearmament and the great pressures for increasing appropriations for public works, farm relief (necessitated by last Year's floods and typhoons), aid to small business, social security, etc., it has taken considerable political courage on the part of the Prime Minister to support a budget which actually calls for reduced appropriations for all purposes except defense. It is uncertain whether the austere budget proposed by the Finance Ministry will be adopted, but for the first time the Prime Minister and his financial advisers are willing to take a strong stand in favor of a sound financial policy in spite of the political dangers involved.

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[1] Dated Dec. 30, 1953, not printed. (794.5 MSP/12-3053)

Included in the draft budget is a figure of 57 billion yen ($158 million) for support of United States forces stationed in Japan. This is 5 billion yen ($14 million) less than the Japanese are obligated to make available to United States forces under the terms of Article 25 of the Administrative Agreement. The Agreement itself contemplates a periodic reexamination of the Japanese contribution, however, and Mr. Okazaki has asked for our concurrence by January 14 in this proposed reduction.

Japanese defense plans for the coming fiscal year appear reasonably firm. They call for an increase of about 32,000 uniformed personnel and 10,000 civilians, 7,000 of which will release uniformed personnel from clerical and administrative positions. The actual increase, therefore, in the number of uniformed personnel available for military service will be about 39,000. This is an increase of about 33 percent over present strength. This program is not appreciably better, from our point of view, from that proposed to us by Ikeda. Ikeda talked in terms of an increase of 35,000 uniformed personnel. Thus the present program calls for 3,000 fewer new recruits than proposed by Ikeda, but, due to the transfer of 7,000 uniformed personnel out of clerical jobs, the effective strength of the National Safety Force will be increased by 4,000 more than Ikeda indicated. The Japanese goals, accordingly, are lower than we have hoped, but represent considerable progress toward acceptance of their responsibilities for self-defense, and are believed by our Embassy to be the most that the Government can do politically at this time.

The Embassy has proposed that we agree to a reduction of 2.5 billion yen ($7 million) in the contribution to United States forces. (See Embassy telegrams 1709 and 1718,[2] Tabs B and C.) This would be only a token reduction, but in view of the cuts being made in other elements of the budget (in part due to our exhortations), it would doubtless have a favorable political effect. It would not only indicate our general support for the austerity program which the Prime Minister is so courageously insisting upon but also would give the Japanese an indication of our willingness to reduce the costs to the Japanese of maintaining our forces in Japan as they demonstrate their intention of increasing their own forces.

Recommendation

It is recommended that you sign the attached telegram. (Tab D) [3]

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[2] *Supra.*

[3] Robertson signed the telegram in draft; it was sent to Tokyo as 1639, Jan. 14, and reads:

Continued

FOA, Defense, and Treasury concur.

"Some agencies concerned particularly Defense do not consider proposed increase Japanese defense effort justifies reduction Japanese contribution. However in view other factors set forth your messages you are authorized agree reduction from equivalent $155 million to equivalent $148 million on condition force goals and budgetary support remain substantially as stated reference messages. Agreement should be contained exchange notes reciting condition and stating that adjusted contribution will be made until 'effective date of any new arrangements'." (794.5 MSP/1-1454)

No. 734

794.5/2-1554

Memorandum of Conversation, by the Chief of the Japanese Finance and Trade Section, Office of Northeast Asian Affairs (Cronk)

SECRET [WASHINGTON,] February 15, 1954.

Subject: Discussions of Japanese Rearmament with other governments.

Participants: Mr. J.L. Allen, Second Secretary, Australian Embassy
Mr. [Michael Joy, First Secretary, British Embassy
Mr. Peter Campbell, First Secretary, Canadian Embassy
Mr. Hunter Wade, First Secretary, New Zealand Embassy
Mr. Robert J.G. McClurkin—NA
Mr. Hamilton—BNA
Mrs. Alice L. Dunning—NA
Mr. Edwin M. Cronk—NA

Mr. McClurkin had asked the above representatives of the British, Canadian, Australian and New Zealand Embassies to come in for the purpose of reviewing the Japanese defense program. Mr. McClurkin summarized recent developments and future plans with respect to the buildup of Japan's defense forces using as reference the information contained in the memorandum attached hereto. (The attached memorandum had been previously cleared by the State–Defense Military Information Control Committee by Mr. [Michael H.] Styles, MC, for release, on a classified basis, to the above mentioned governments. Copies of the table attached to the memorandum were distributed but the memorandum itself was not released.) [1]

[1] Neither document found attached.

The New Zealand and Australian representatives indicated a particular interest in the development of Japan's naval forces and asked if any carriers or cruisers would be provided the Japanese. Mr. McClurkin replied that the United States had no plans at this point of providing Japan with any naval vessels larger than a destroyer. He mentioned that in addition to naval vessels, consideration was being given to the possibility of providing an auxiliary supply vessel. He also stated that the Japanese had requested two coastal submarines for use in anti-submarine training and that this request was under consideration. The New Zealand and Australian representatives indicated that this might cause their governments some concern and urged that information on this be handled carefully. They requested specific information regarding the size and range of the submarines which might be provided which Mr. McClurkin agreed to make available when definite plans had been developed. Mr. McClurkin stressed the classified nature of information which had been provided. [2]

[2] In a memorandum of a conversation held with J.L. Allen on Feb. 23, McClurkin quoted an *aide-mémoire* handed him by Allen, which stated the Australian Government's view that submarines should not be given or lent to Japan even for training in antisubmarine warfare. "Mr. McClurkin said that there was no likelihood that a submarine would be transferred to the Japanese in the near future in any event, and that perhaps something could be worked out to avoid any possibility that this issue would be injected into the Australian election campaign." (U/MSA files, lot 57 D 567)

No. 735

FE files, lot 55 D 480

Memorandum of Conversation, by Alice L. Dunning of the Office of Northeast Asian Affairs

CONFIDENTIAL [WASHINGTON,] February 16, 1954.

Subject: General Amnesty for Japanese War Criminals.

Participants: Ambassador John Allison, Tokyo
Mr. Walter Robertson, Assistant Secretary, FE
Mr. James Bonbright, Deputy Assistant Secretary, EUR
Mr. Cecil B. Lyon, Director, GER
Mr. Herman Phleger, Legal Adviser
Mr. John M. Raymond, L/GER
Mr. Conrad E. Snow, L/FE
Mrs. Alice Dunning, NA

Representatives from FE, EUR and L met with Ambassador Allison [1] in Mr. Robertson's office at 4 o'clock on February 16 in order to discuss the above subject.

Ambassador Allison referred to his telegram 1821 of January 26 [2] in which he reviewed Japanese attitudes with respect to the question of war criminals sentenced by the United States and proposed a reexamination of our present policy with a view to granting general amnesty, or if such procedure was unacceptable, the speeding up of releases by the Clemency and Parole Board. Ambassador Allison indicated that the question of war criminals in Japan was becoming a farce in view of the Japanese Government's laxity of control over the prisoners who were permitted to attend baseball games and other activities in Tokyo. Ambassador Allison indicated that he was aware of the problems facing EUR with respect to an amnesty for German war criminals and inquired if it would be possible to take some action less than amnesty with respect to the Japanese war criminals.

Mr. Snow indicated that the Board of Clemency and Parole had to date paroled 113 persons, that the majority of the remaining prisoners were sentenced to fairly long terms of life imprisonment and had been guilty of particularly heinous crimes. He pointed out that the Board was operating on the Federal system for the granting of parole—a procedure that had originally been instituted by SCAP. He also pointed out that under this system those persons sentenced to life imprisonment would not be eligible for parole until 1960 or 1961. He noted that in some instances the Board had granted a reduction of sentence so as to make the prisoner eligible for parole. He indicated that this procedure could and would be followed in the future but that a number of cases fell into such a heinous category that the prisoners might never be granted parole or clemency. He noted that it would be possible for the Board to change the "ground rules" so as to make lifers eligible for parole after serving 10 instead of 15 years.

Mr. Raymond [3] indicated that Mr. Phleger felt strongly that a grant of amnesty would undermine the entire legal basis of the war crime trials in that amnesty or pardon had the effect of wiping out the crime. He indicated that the grant of parole or clemency fell into a different category and did not necessarily prejudice the legal basis of the trials. On his arrival Mr. Phleger reiterated this point. Mr. Bonbright stated that while a grant of general amnesty to Japanese war criminals would seriously affect the German ques-

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[1] The Ambassador was in Washington for consultations.

[2] Not printed. (694.0026/1-2654)

[3] Assistant Legal Adviser for German Affairs.

tion, a speeding up of the process of the granting of parole and clemency within the framework of the Clemency and Parole Board would meet with no objection from EUR.

In reply to a query from Mr. Robertson as to which groups of Japanese were pressing for the release of Japanese war criminals, Ambassador Allison indicated that the sentiment came from all quarters, that various organized groups frequently called at the Embassy to discuss this question and that it was often raised in personal conversations by Prime Minister Yoshida and Foreign Minister Okazaki. Mrs. Dunning pointed out that the situation in Japan differed in at least one particular aspect from that in Germany in that the Philippine and Chinese Governments had granted amnesty to Japanese war criminals sentenced by their courts. Mr. Snow pointed out, however, that a number of war criminals sentenced by the UK, Australia and the Netherlands were still incarcerated in Sugamo Prison and that these outnumbered those sentenced by US courts. Mr. Robertson queried Mr. Snow if the Clemency and Parole Board in considering the cases of prisoners who had committed acts against Filipinos and Chinese were taking into consideration the action of the Philippine and Chinese Governments. Mr. Snow answered in the affirmative. Mr. Snow also indicated that the Embassy in commenting upon the cases had recommended against parole or clemency in 69 cases. He also added that the Japanese Government had not yet submitted recommendations with respect to all of the prisoners in Sugamo Prison.

Mr. Robertson then suggested that the group consider the recommendations submitted by Ambassador Allison. With respect to the suggestion that the Clemency and Parole Board receive authority to make final decisions, Mr. Snow pointed out that the President had established the Board by Executive Order, had taken a personal interest in the recommendations of the Board and had turned down several of these recommendations.

Mr. Robertson suggested that in the future it might be desirable to meet Japanese pressure by publicizing the crimes for which the various prisoners had been sentenced, emphasizing the reaction in this country to the seriousness of such crimes, and that Ambassador Allison might make this point in meeting pressure from Japanese Government officials. It was generally agreed that this course in addition to a continued expeditious handling of cases by the Clemency and Parole Board was the only feasible action to be taken at this time.

No. 736

794C.0221/2-1654

Memorandum by the Assistant Secretary of State for Far Eastern Affairs (Robertson) to the Acting Secretary of State [1]

SECRET [WASHINGTON,] February 16, 1954.

Subject: Civil Affairs Directive for the Ryukyus.

In accordance with your suggestion, Mr. Phleger, Ambassador Allison and I met yesterday with General Hull, General Ogden, Admiral Davis and some others from Defense to discuss the differences between State and Defense on the text of the Civil Affairs Directive for the Ryukyus. With one exception we were able to reach agreement on the attached draft (Tab A). [2]

That one exception occurs on page 2 of the Directive. The language we had agreed upon yesterday would have required that the Governor of the Ryukyu Islands be appointed by the President upon recommendation of the Secretary of Defense. Since our meeting, Defense changed the language to read "His name will be submitted to the President by the Secretary of Defense for approval." I believe that this misses the point, and that it is important to give the Governor the added prestige of appointment by the Chief Executive of the United States. I therefore recommend that you urge the National Security Council to accept the language agreed upon yesterday.

In other respects I believe that the attached draft represents a reasonable position and that it incorporates a substantial portion of the changes suggested by the Secretary in his letter of January 11 to Secretary Wilson. It includes the statement dictated by the Secretary as to the mission of the United States Civil Administration but adds some Defense Department language concerning the primary responsibility of the Civil Administration. It eliminates the gap which existed in the earlier draft of the Directive with respect to civil and criminal jurisdiction over non-Ryukyuans who are not employed by the United States armed forces.

On the other hand, it does not require the prior approval by the United States Government of the exercise of the emergency powers to suspend actions of the local government, although it does require prompt reports to Defense and State when the power is exercised. Another item missing from the attached draft is a require-

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[1] Attached to a memorandum from Robertson to the Secretary dated Feb. 23, not printed. (794C.0221/2-2354)

[2] Not printed.

ment for periodic progress reports on the reduction of responsibility for civil administration.

Recommendation

I recommend that you support the attached draft at the National Security Council meeting on Wednesday, [3] but that you urge the NSC to include in the Directive a requirement that the Governor of the Ryukyu Islands be appointed by the President upon recommendation of the Secretary of Defense.

[3] Feb. 17.

No. 737

Eisenhower Library, Eisenhower papers, Whitman file

Memorandum of Discussion at the 185th Meeting of the National Security Council, Washington, February 17, 1954 [1]

[Extracts]

TOP SECRET EYES ONLY

The following were present at the 185th meeting of the Council: The President of the United States, presiding; the Vice President of the United States; the Acting Secretary of State; the Acting Secretary of Defense; the Acting Director, Foreign Operations Administration; the Director, Office of Defense Mobilization. Also present were the Secretary of the Treasury; the Attorney General (for Items 1, 2 and 4); the Secretary of Commerce (for Item 4); the Director, Bureau of the Budget; the Chairman, Atomic Energy Commission (for Items 1, 2 and 4); the Assistant Secretary of Defense (Research & Development); Mr. Slezak for the Secretary of the Army; the Acting Secretary of the Navy; the Acting Secretary of the Air Force; the Chairman, Joint Chiefs of Staff; Gen. Bolte for the Chief of Staff, U.S. Army; the Chief of Naval Operations; the Chief of Staff, U.S. Air Force; the Commandant, U.S. Marine Corps; the Director of Central Intelligence; Gen. John E. Hull, Department of Defense (for Item 7); Gen. Willard S. Paul, Office of Defense Mobilization, and Mr. Shapley, Bureau of the Budget (for Items 1 and 2); Mr. Sullivan, Department of Defense, Mr. Ash, Office of Defense Mobilization, and Mr. Hurley, Office of Defense Mobilization (for Items 1 and 2); the Assistant to the President; Robert Cutler, Special Assistant to the President; the NSC Repre-

[1] Drafted by Gleason on Feb. 18.

sentative on Internal Security; Richard L. Hall, NSC Special Staff Member; Bryce Harlow, Administrative Assistant to the President; the Executive Secretary, NSC; and the Deputy Executive Secretary, NSC.

A summary of the discussion at the meeting follows, together with the main points taken.

. . . . . .

7. U.S. Civil Administration in the Ryukyu Islands (Memo for NSC from Executive Secretary, same subject, dated February 16, 1954,[2] NSC 125/6,[3] para. 4; NSC Actions Nos. 824-b[4] and 965;[5] Memo for NSC from Executive Secretary, subject: "The Japanese Treaty Islands", dated June 15, 1953)

Mr. Cutler commented that after eight long months the lion and the lamb had at last agreed to lie down together, since he was informed that the Departments of State and Defense had reached agreement as to the directive in question. Whether the lion was actually on top of the lamb, as had been hinted, was something which he would leave Secretary Smith to state.

Secretary Smith said that four days ago, when the text of the directive had been presented to him, it had included five foolscap pages of disagreements between State and Defense. Happily, General Hull had been on hand in Washington, and a conference had been arranged which had ironed out all these disagreements. Accordingly, when the text had left this conference Secretary Smith had believed that it represented complete agreement between the two departments. Since then, however, Secretary Smith gathered that Defense had suggested one additional "slight change". To this, which called for the nomination of the Governor of the Ryukyus by the Secretary of Defense, the State Department disagreed. State still believed that the President should appoint the Governor on the recommendation of the Secretary of Defense.

Mr. Dodge said that while he had got his copy of the draft directive only at 5:15 the previous day, a brief glance was sufficient to make the Budget Bureau fear that it moved too far away from the area of civilian control and placed too much authority in the hands of the Defense Department.

Secretary Kyes replied that if the arrangement in the present draft prevailed and the Defense Department revision was not accepted, the President would be obliged to have his candidate for the

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[2] Not printed; it distributed to members of the Council the draft directive discussed in the memorandum, *supra*.

[3] Document 657.

[4] See footnote 10, Document 655.

[5] See footnote 4, Document 723.

Governorship confirmed by the Senate, even though by terms of the directive this Governor was to be a military officer. This seemed a needless complication.

Secretary Smith disagreed with the view of Secretary Kyes, and the President added that of course he made a good many appointments without Senate confirmation.

General Hull commented that quite possibly all this was a mere fuss over wording. As far as he was concerned—and, of course, among the hats he was now wearing was that of Governor of the Ryukyus—either wording would be appropriate.

Secretary Smith reminded the Council that the Secretary of State had felt very strongly that the Governor of the Ryukyus should not be a military man. In view of the many modifications and concessions which he had already made to meet the views of the Defense Department, Secretary Smith suggested that it would be best if the Council postponed action until Secretary Dulles returned from Berlin.

The President stated that of course there was no use kidding ourselves that we were holding on to Okinawa for any other purpose than to protect our security in the Pacific. For that reason we needed a military commander there.

Secretary Smith added that all those who had participated in the conference to reach agreement on this text, including himself, had agreed that the present draft constituted a satisfactory and decent arrangement. It provided, on the one hand, for the Department of Defense the control that it needed in the interests of security; while, on the other, it gave at least a flavor of civilian administration. He then reiterated his belief that the Governor of the Ryukyus should be appointed by the President and not by the Secretary of Defense.

The President said that, above all, he did not want another row such as had occurred between MacArthur and Taft in the Philippines in 1908 because a civilian administration for these islands had been set up too early. Furthermore, continued the President, he didn't think that the formula for appointment of the Governor was really the guts of the problem. He had some doubts as to whether it was wise to name a military man at all. Would it not be better to name as Governor a civilian, perhaps an Assistant Secretary of Defense?

Secretary Kyes said that of course the main thing was to assure adequate control of operations by the Department of Defense, since Okinawa was our great bastion of defense for the Pacific. Moreover, said Secretary Kyes, we feel that political pressures will generate and make things very difficult for us if we proceed too rapidly in creating a genuine civilian administration in the Ryukyus.

The President said that in any event he did not see that any particular urgency attached to the problem at this precise moment. It would become urgent only when our forces were removed from Japan and Okinawa became the more important base. Accordingly, the President said he was not inclined to make any decision until Secretary Dulles returned. He was, after all, a very "wise fellow" in these affairs. The question of who appointed the Governor of the Ryukyus, continued the President with some force, was nobody's business but his. Whether or not he delegated to the Secretary of Defense his prerogative of appointment was wholly his decision.

General Hull asked the President's permission to offer a few points for his consideration. General Hull said that he had recently been obliged, in his capacity as Governor, to appoint certain judges for the Ryukyus. The candidates from whom he had to make his selection were of pretty poor caliber. This was an indication that the peoples of the Ryukyus not only did not understand democracy, but were incompetent to run their own affairs. Since our only real reason to be in these islands was a military reason, he had no personal concern as to who appointed the Governor. But he felt that it would be useful for the President to know about his experience with these recent appointments.

The President concluded the discussion by indicating the need to make a judgment between the military requirements and the political appearances.

The National Security Council: [6]

a. Discussed the draft directive on the subject prepared by the Departments of State and Defense and transmitted by the reference memorandum of February 16, 1954.

b. Noted that the President would make a final decision regarding the draft directive after further discussion with the Secretaries of State and Defense.

S. EVERETT GLEASON

[6] The lettered paragraphs constitute NSC Action No. 1047. (S/S–NSC (Miscellaneous) files, lot 66 D 95, "National Security Council Record of Actions, 1954")

No. 738

Editorial Note

On February 19, in Tokyo, representatives of Japan, Australia, Canada, New Zealand, the Philippines, the Union of South Africa, the United Kingdom, and the United States (the latter acting for the Unified Command) signed an Agreement concerning the Status

of United Nations Forces in Japan, with Agreed Official Minutes and Protocol. Representatives of France and Italy signed the Agreement on April 12 and May 19, respectively. For text, see TIAS No. 2995 in 5 UST (pt. 2) 1123. The major United States documentation on the negotiation of this Agreement is in files 794.0221 and 611.94 for 1952–1954.

No. 739

794.5/2-2454

Memorandum by the Acting Director of the Office of Northeast Asian Affairs (McClurkin) to the Assistant Secretary of State for Far Eastern Affairs (Robertson)

SECRET [WASHINGTON,] February 24, 1954.

Subject: Meeting by Ambassador Allison with Officers of the Department of Defense

On February 18 Ambassador Allison addressed a large group of military and civilian personnel in the Department of Defense who are interested in Japanese affairs. The following general officers were present: Lt. Gen. Walter Weible, Deputy Chief of Staff (Army); Lt. Gen. G.H. Decker, Comptroller (Army); Maj. Gen. A.P. Fox, Office of JCS; Maj. Gen. R.F. Tate, Office of JCS; Rear Adm. W.F. Boone, Office of JCS; Brig. Gen. B. Hamlett, Office Chief of Staff (Army); Brig. Gen. J.M. Willems, G–2; Brig. Gen. Mark McClure, G–2.

Ambassador Allison described the current status of Japanese defense plans and the difficulties which they face. He stressed the fact that the present Government had crossed a major stream in the presentation of current defense plans to the Japanese Diet and in recommending a change in the assigned mission of the Japanese forces. He pointed out that while the steps which the Japanese were taking were slower than we would like, and there was every reason to maintain a continued pressure upon the Japanese in private interviews with Japanese leaders, it could be adverse to our interests publicly to criticize the pace of their rearmament.

Ambassador Allison's talk was well received and should prove useful in our continuing dealings with the Department of Defense.

In a conversation with the general officers enumerated above following his talk, Ambassador Allison pointed out that any increase in the United States forces in Japan above the 2 1/3 divisions now there could create serious political difficulties.

No. 740

794.56/2-2554

Memorandum by the Acting Director of the Office of Northeast Asian Affairs (McClurkin) to the Assistant Secretary of State for Far Eastern Affairs (Robertson)

SECRET [WASHINGTON,] February 25, 1954.

Subject: Hearing by Senate Armed Services Committee on Legislation Authorizing Transfer of Military Equipment to the Japanese [1]

Mr. Struve Hensel, former General Counsel of Department of Defense who has just been appointed Assistant Secretary for International Security Affairs, testified in support of the above legislation on February 18, accompanied by General Hull.

The Committee, in particular the Chairman (Senator Saltonstall), Senator Russell and Senator Symington [2] were sympathetic to the purpose of the legislation but were troubled about its salability to the Congress in its present form. Senator Russell was concerned about the readiness of the Japanese to use the equipment in question. The main difficulty expressed by the Committee, however, was the relationship of this legislation to the Mutual Security legislation, and its apparent open-ended character. It was suggested, for instance, that it might be necessary to put in an amount, e.g., $500 million, which the transfers could not exceed. Senator Saltonstall said that he would ask Mr. Hensel to confer with him privately on how the bill could be redrafted to avoid objections.

General Hull was interrogated on a wide variety of questions concerning both Japan and Korea. In reply to a question on the ROK offer of a division for Laos, he said that in his opinion the transfer of one ROK division would not have serious effect upon his military mission as United Nations Commander in Korea. He intimated that there were objections of other kinds but did not enlarge upon it.

On February 23 staff officers of Defense conferred with the staff of the Senate Committee preparatory to Hensel's meeting with Senator Saltonstall. The Committee staff urged inclusion in the

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[1] The legislation, introduced in the previous session of the 83d Congress, authorized the Secretary of Defense to transfer to the Japanese Government until July 30, 1955, upon terms and conditions to be determined by the President, U.S. military equipment and supplies which had been procured prior to July 1, 1953. In a memorandum to Robertson dated Feb. 3, McClurkin stated that the bill had reference to some equipment which had already been turned over physically to the Japanese forces and some which was awaiting turnover. (U/MSA files, lot 57 D 567)

[2] Leverett Saltonstall (R–Massachusetts), Richard B. Russell (D–Georgia), and Stuart Symington (D–Missouri).

Mutual Security Act (which Defense strongly opposes) and the insertion of a ceiling of some character on the equipment to be transferred. Defense has asked Army to make a study of the possibility of an acquisition—cost valuation, which would reduce the figure from about $500 million to about $250 million. They also discussed the possibility of a proviso requiring the amount and character of equipment to be reported to and approved by the Congressional Committees. [3]

We have told Defense that the inclusion of a valuation of even $250 million would have serious political repercussions elsewhere in Asia. Defense has agreed that before this is done you will be given an opportunity to discuss the matter with Mr. Hensel and perhaps with Senator Saltonstall. [4]

[3] Next to this sentence McClurkin wrote: "This would be preferable to an amount's being specified."

[4] In a memorandum to McClurkin dated Mar. 16, Dunning reported that Senator Saltonstall had refused to report out of his Committee as an amendment to the Mutual Security bill the legislation in question. The Department of Defense was drafting a separate section to be included in the Mutual Security legislation which would follow the former bill but would add a provision excepting it from the reimbursement provisions of the Mutual Security legislation. Both State and Defense wanted no figures mentioned. (794.5 MSP/3–1354) Legislation along these lines was enacted as Section 108 of the Mutual Security Act of 1954, approved Aug. 26. For text, see 68 Stat. 837.

No. 741

794.5 MSP/2–2654

Memorandum by the Acting Director of the Office of Northeast Asian Affairs (McClurkin) to the Assistant Secretary of State for Far Eastern Affairs (Robertson)

CONFIDENTIAL [WASHINGTON,] February 26, 1954.

Subject: Signing of the Mutual Defense Assistance Agreement with Japan

Tokyo's 2094 (Tab A) [1] indicates that Foreign Minister Okazaki has proposed signing the Mutual Defense Assistance Agreement on March 2 Tokyo time since this date is politically advisable in view of the desire of the Japanese Government to have the signing precede the presentation of the budget to the Diet scheduled for the following day. In view of the fact that we are in the process of receiving FOA and Defense clearance on a few minor revisions submitted by Embassy Tokyo and will seek urgent action on any last

[1] Dated Feb. 26, not found attached. (794.5/2–2654)

minute changes, from a technical point of view we ought to be able to authorize the March 2 signing.

Cognizant of Circular 25 which requires approval by the Secretary or Under Secretary prior to the negotiation of an Agreement, we have been informed by L that in view of the Secretary's authorization to undertake negotiation of a Mutual Defense Assistance Agreement (Tab B) [2] it is not necessary now to receive from him the authorization to sign provided there are no major changes from the draft originally approved by him.

NA and L have carefully reviewed the changes made in the course of the negotiations in the original draft and conclude that no major modifications of the original draft have been made in the course of the negotiations. Some of the original language and proposals have been modified to conform with agreements negotiated with other countries—thus making the agreement more acceptable to the Japanese. The provisions dealing with tax relief on equipment and other materials falling within the Agreement have been tightened. The article and annex dealing with the status of the MAAG personnel now conform generally with provisions in the NATO and other agreements in accord with the Secretary's instruction. An annex has been added with respect to the scope of assistance to the effect that the United States will give consideration, to the extent that other factors will permit, to procurement in Japan of supplies and equipment to be made available to Japan, as well as to the other countries, where feasible, and to providing information to and facilitating the training of technicians from Japan's defense-production industries. We have already undertaken both these programs in a limited way.

There is attached a copy of the latest draft of the Agreement along with the annexes to the agreement and arrangements for the return of equipment, dated February 16, as submitted by Tokyo Embassy (Tab C). [3] This draft is still subject to minor revisions.

Recommendation

It is recommended that in view of the Secretary's authorization to undertake the negotiation of a Mutual Defense Assistance Agreement and the fact that no major changes have been made in the original draft as approved by the Secretary you empower me, subject to State, Defense and FOA clearance of last minute revisions, to authorize the Ambassador to sign the Agreement. [4]

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[2] Composite draft dated Feb. 16, not printed.

[3] Composite draft dated Feb. 16, of arrangements for the return of equipment, not printed.

[4] As typed, this sentence originally concluded: "to sign the Agreement on March 2." The last three words are crossed out.

This memorandum bears Robertson's initials, but no other indication of action by him.

No. 742

794.5 MSP/3–154

Memorandum by Alice L. Dunning of the Office of Northeast Asian Affairs to the Acting Director of That Office (McClurkin)

SECRET [WASHINGTON,] March 1, 1954.

Subject: Annex on Scope of Assistance

Re Mr. Robertson's question (see attached), [1] following is negotiating history of annex on scope of assistance:

Early in the negotiation (August) the Japanese proposed a number of changes in the United States draft which would give an economic window dressing to the military assistance agreement. The purpose of this approach was to make the agreement more palatable to the Diet and also to insert a wedge in the United States position that no direct economic assistance was to be given to Japan. While the Japanese were forced to accept the United States position that most of their proposals had no place in a military assistance agreement, the Embassy (August 31) recommended acceptance of a boiled down statement covering those points which the United States was already in the process of implementing or was fully prepared to do. The Department watered down this statement even further—authorizing on September 3 inclusion of the following statement in the minutes or if necessary in an annex:

"During course discussion concerning present agreement, representatives Government of United States stated that, in view desirability from point view both Governments that defense industries Japan be developed and modernized, US Government will give every consideration, to extent other factors will permit, to procurement in Japan of supplies and equipment to be made available to Japan, as well as to other countries, where feasible, and to providing information to and facilitating the training of technicians from Japan's defense-production industries. The representatives of both governments recognized advisability establishing adequate liaison between two governments to facilitate US procurement in Japan."

The Japanese in early October proposed the addition of a statement on the part of their representative to the effect that the development of Japan's defense capacities would greatly be facilitated if the US would give consideration to furnishing Japan with such items as machine tools and financing to her production industry. On October 24, in view of the US proposal on Section 550 the Department authorized the acceptance of this proposal provided the

[1] Not found attached.

reference to machine tools was deleted. (Deptel 977). [2] On January 13 the Department reiterated this position (A–567, para 15). [3] This deletion was accepted by the Japanese on February 16.

In summary the inclusion of this annex was based on the following considerations:

1. The desirability of giving the military agreement a slight economic overtone insofar as defense industries were concerned.
2. The United States has developed in the past and is continuing a program of offshore procurement in Japan. This year's program will total about $100 million.
3. The Department of Defense has undertaken a program of providing information to and facilitating the training of technicians from Japan's defense-production industries.
4. $10 million of Section 550 yen proceeds are to be used for the development of Japan's defense industries.
5. The annex signifies no commitment on the part of the United States. [4]

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[2] Not printed. (794.5 MSP/10–253)

[3] Not printed. (794.5 MSP/12–1753)

[4] The proposals discussed here are incorporated in Annex A to the Mutual Defense Assistance Agreement signed at Tokyo on Mar. 8. (First paragraph of the final version of Annex A is worded somewhat differently from the draft quoted above.) For text of the Agreement with Annexes, see TIAS 2957; 5 UST 661.

No. 743

Editorial Note

In a memorandum to the National Security Council dated March 3, Lay submitted to the Council a report by the Planning Board recommending amendments in NSC 152/3 ("Economic Defense", dated November 6, 1953) in regard to controls over trade with the People's Republic of China. An excerpt from the Planning Board's report follows:

"7. The 'Courses of Action' set forth in 152/3 should be amended by adding, at page 7, a new paragraph as follows:

"*Toward Communist China and North Korea*

"39. In the absence of further Chinese Communist aggression and during the period prior to achieving settlements satisfactory to the United States in the areas around Communist China, the United States should:

"*Proposed by State, Defense and FOA*

"a. Continue to embargo exports and imports and maintain present financial controls. Exceptional treatment may be accorded certain exports (e.g., propaganda, humanitarian, diplomatic) or imports (e.g., strategic materials) on a case-by-case basis after necessary interagency coordination.

" b. With respect to the controls of other free world countries over trade with Communist China:

"(1) Release Japan gradually, as appropriate, from its obligations under the U.S.-Japanese bilateral agreement . . . to maintain export controls higher than the CHINCOM levels.

"(2) Seek to have other nations continue existing export controls at the CHINCOM levels.

"(3) Employ all feasible means to maintain the UN General Assembly Resolution . . . of May 18, 1951."

"*Proposed by Commerce*

"a. Reduce U.S. export controls to the CHINCOM levels (International List I, II, and III, plus the China Special List covering additional machine tools, iron and steel products and power equipment.)

"b. With respect to the controls of other free world countries over trade with Communist China:

"(1) Permit Japan forthwith to relax its export controls from the levels of the U.S.-Japanese bilateral agreement to the CHINCOM levels.

"(2) Resist any reduction in export controls below the CHINCOM levels, except for minor changes which are specifically justified.

"c. Modify foreign assets controls to permit imports into the U.S. of Chinese-origin goods.

"d. Determine what other changes are desirable in foreign assets controls which now block Chinese Communist assets in the U.S.

"e. Modify shipping-bunkering and transaction controls in accordance with the foregoing courses of action."

(Ellipses represent footnote citations. For the Planning Board report, dated March 3, see Document 175. For text of NSC 152/3, see volume I, Part 2, page 1207.)

In NSC Action No. 1064-b, the NSC at its meeting held on March 11: "Adopted the proposal by State, Defense and FOA, regarding Japan, contained in the proposed paragraph 39-b-(1) as set forth in paragraph 7 of the enclosure to the reference memorandum." (S/S-NSC (Miscellaneous) files, lot 66 D 95) For an extract from the memorandum of discussion at the meeting held March 11,

together with the remainder of NSC Action No. 1064, see Document 178.

No. 744

Editorial Note

On March 8, Japan and the United States signed in Tokyo a Mutual Defense Assistance Agreement, with Annexes. For text, see 5 UST 661. On the same day four additional bilateral agreements were signed in Tokyo. Arrangements for the Return of Equipment under the MDAA (*ibid.*, 708); an Agreement regarding the Purchase of Surplus Agricultural Commodities, with Agreed Official Minutes (*ibid.*, 723); an Agreement regarding Guaranty of Investments, accompanied by an Exchange of Notes (*ibid.*, 791); and an Agreement on Economic Arrangements, with Agreed Official Minutes (*ibid.*, 806). In addition, an Interim Agreement regarding the Purchase of Surplus Agricultural Commodities was effected by an Exchange of Notes (*ibid.*, 717).

For the United States-Japanese Joint Communiqué of March 8, which describes this group of agreements, see Department of State *Bulletin*, April 5, 1954, page 518. Allison's statement of the same day is *ibid.*

No. 745

794.5 MSP/3-954: Telegram

The Ambassador in Japan (Allison) to the Department of State

TOKYO, March 9, 1954.

2172. McClurkin quoted in USIA Wireless Bulletin March 8 as stating "report that $100 million would be spent in next three months is not correct." This statement conflicts with Embassy understanding that expenditure of $100 million for procurement in Japan this fiscal year still possible. At briefing of American press prior MDA signing and in Department-approved letter to Foreign Office [1] Waring stated that procurement might reach this total, subject considerations of price, quality and delivery dates. Request clarification McClurkin's statement. Meanwhile, in response to local inquiries propose state that Embassy believes 100 million

[1] Not found in Department of State files.

total still possible and McClurkin statement subject to clarification when studied in context.

ALLISON

No. 746

794.5 MSP/3-954: Telegram

The Acting Secretary of State to the Embassy in Japan

WASHINGTON, March 9, 1954—4:36 p.m.

2006. Your 2172. [1] McClurkin's comment was in response question which implied agreement reached on $100 million military assistance over next three months.

Transcript reads: "There is target figure we talked about as long ago as time Ikeda here last October for offshore procurement in Japan during this US fiscal year. That target figure is $100 million. It not commitment but what we think will probably be spent there. Actually I expect it may be little more rather than less. I think use of figures caused confusion. This Agreement like any other Mutual Defense Assistance Agreement—and there are lots of them—simply states terms and conditions under which military assistance will be provided. It does not specify and is not meant to any specific amount or type assistance. That remains to be worked out between experts both sides."

Correcting item will be included Wireless Bulletin.

SMITH

[1] *Supra.*

No. 747

894.062/3-1054

Memorandum by the Acting Director of the Office of Northeast Asian Affairs (McClurkin) to the Assistant Secretary of State for Far Eastern Affairs (Robertson)

CONFIDENTIAL [WASHINGTON,] March 10, 1954.

Subject: Communist Influence in Japanese Trade Union Movement.

When Ambassador Allison was here in February he mentioned to you a memorandum prepared for him by the Embassy staff on Communist Influence in the Japanese Trade Union Movement. A summary of this memorandum follows:

While there is a good deal of evidence to show extensive Communist influence and manipulation of the Japanese trade union movements, reaction against this infiltration is developing both within and outside the trade unions. This, rather than Communist ascendancy, has been the outstanding development during the last year in the Japanese trade union movement.

It became increasingly clear during 1953 that the pro-Communist positions taken by Sohyo [1] during the year—repeated attacks against the United States in Marxist terms, invention of the "peace force" theory (USSR and Communist China proclaimed as world's leading proponents of peace), denunciation of United States as aggressor in Korea, evidencing a desire for closer relationship with Communist Chinese Federation of Labor, calling for huge wage increases without regard to ability of Japanese economy to meet such increases, criticism of ICFTU and several abortive efforts to organize an Asian Trade Union Congress in opposition to ICFTU—represented chiefly the thinking of a minority sector of Communist cells, holding key posts and working adroitly in a number of major unions, and of Takano, [2] Secretary-General of Sohyo. They did not represent the positions of the Minroren [3] unions (Textile Workers, Seamen and two smaller unions), the one and a half million workers who belong to independent unions, nor the majority of Sohyo leaders, who by the end of the year began to revolt against Takano and his pro-Communist leadership and to make plans to oust him as Secretary-General of Sohyo by mid-1954.

This curious state of affairs has evolved because of the infancy of the Japanese trade union movement, which is influenced by the primitive Marxist concepts which dominated it before the war; the reluctance of anti-Communist union leaders to expel Communists from their unions on the grounds that "democracy" tolerates all opinions; the natural reaction of the Japanese against 7 years occupation which Takano and the Communists made the most of; fear of union leaders who disagreed with Takano's radical policies to speak out publicly and willingness on their part to capitalize on the anti-American tide which was running strong during the first half of 1953; immobilization of the Left Socialist Party, which is predominantly neutralist, by fear of losing Sohyo's potent political support if it forced a break.

Sohyo's convention last July marked the high point of Communist and Takano's strength since 1949 and the beginning of the reaction against these. Despite the subsiding since then of anti-Amer-

[1] General Council of Trade Unions.
[2] Minoru Takano.
[3] Democratic Labor League.

icanism, making it less dangerous for union leaders to take a balanced view of United States-Japan relations, Takano has persisted in keeping to a pro-Communist course. The result has been the secession of the Minroren unions and increasing estrangement from the Left Socialist union leaders in Sohyo, previously Takano's chief support. In late 1953, Minroren gathered its forces to organize an anti-Communist federation of labor (called Zenro) [4] in opposition to Sohyo.

Developments outside trade union ranks are also restricting both Communist influence in the unions and the unions' ability to influence Japanese opinion. Among the most important of these outside forces are the growing cohesion of conservative forces; increasing assurance and more effective techniques of employers in dealing with labor demands and union "struggle tactics"; changing attitude on the part of the press; and a developing attitude that labor activity in the first year and a half after the end of the occupation was one of that period's excesses that demands correction.

The new power relationship evolving in Japanese society, assisted by the requirements of an austerity program, can be expected to result in a diminution of labor as well as Communist influence.

[4] National Council of Japanese Labor Unions.

No. 748

794.5 MSP/3-1254

Memorandum by the Acting Director of the Office of Northeast Asian Affairs (McClurkin) to Frederick E. Nolting, Special Assistant to the Secretary of State for Mutual Security Affairs

TOP SECRET [WASHINGTON,] March 12, 1954.

Subject: Military Assistance Program for Japan

With the signing of the Mutual Defense Assistance Agreement with Japan on March 8 and the recent submission to the Diet by the Japanese Cabinet of a defense plan for the coming year calling for a moderate increase in Japanese defense forces, it would appear timely for the interested agencies of the United States Government to begin planning the military aid to be provided Japan out of FY54 and FY55 mutual defense assistance funds. The Diet must ratify the aid agreement before it becomes effective, but we anticipate favorable Diet action within three to six weeks.

In anticipating the signing of the aid agreement, NA has urged the working level of OMA to begin planning the FY54 aid program.

In spite of assurances during and since the Ikeda talks that the required aid would be forthcoming when the agreement comes into force, we are now unable to get from OMA any indication of the aid which can be made available to Japan during the balance of this fiscal year except aid for the ground forces which will be supplied from the previously authorized $528 million Army program. The reasons given at the OMA working level for their inability to move on the Japan program are: (1) FY54 requirements for Indochina, which have top priority, are still indefinite and this has necessitated a temporary freeze of all other Title III programs; and (2) Japanese requirements cannot be determined until the aid agreement is ratified [1] and detailed discussions take place between the two governments on the Japanese defense program.

We fully appreciate the need for priority treatment of the Indochina program but we question whether a modest amount of FY54 funds could not be made available to meet the most urgent of Japan's requirements. As to the second reason for OMA's inaction, detailed discussions have been going on in Tokyo between the Far East Command and the Japanese for some months and the Command has made specific recommendations as to aid requirements for the Japanese fiscal year beginning April 1. Obviously no aid can be delivered until the aid agreement is ratified, but *it is possible to take preliminary steps in anticipation of early ratification.*

With respect to the Japanese Air Force, the Far East Command has made specific recommendations as to the number (166) and types (primarily trainers) of aircraft which the Japanese can utilize in the year beginning April 1. (See page 2 of attachment I). [2] NA considers the Japanese Air Force program particularly urgent and strongly recommends that, pending ratification of the aid agreement, anticipatory steps be taken to develop an aid program for the air force along the lines of the Far East Command recommendations. As you may know, the Japanese at present do not have an air force but have included funds in their budget for the year beginning April 1, 1954 for a force of over 5000 men. With respect to the naval force, the JCS have indicated that certain vessels could be made available to Japan on a loan basis (see attachment II) [3] and the Far East Command has recommended that this be done

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[1] The MDA Agreement came into effect on May 1, the date of receipt by the U.S. Government from the Japanese Government of written notice of Japanese ratification.

[2] Telegram CX 67032 from CINCFE to the Department of the Army, Feb. 6, not printed.

[3] Telegram JCS 954933, Dec. 29, 1953; in it the JCS specified two 1600-ton destroyers, two destroyer escorts, one submarine, one minesweeper, and one minesweeping craft as the craft the United States would be willing to loan to Japan.

(see attachment I). We understand that the cost of rehabilitating these vessels would be somewhat less than $10 million. The need for FY54 MDA funds for the ground force is less urgent in view of the present availability of army equipment procured with funds made available previously.

Our records indicate that on October 7, 1953 Colonel Anding, OMA, sent a memorandum to FOA [4] requesting "conditional approval" of an allocation of $73.7 million of FY54 funds for Japan. This memorandum included the statement that such conditional approval would "permit initiation of supply action limited to procurement of items interchangeable within the MDAP". In approving the FY54 MDA program (Def. Prog. Appr. No. 54-22, Oct. 30, 1953) FOA stated that approval of the Japan program "is withheld for the time being in view of the absence of the political and military understandings which would make the development and implementation of such a program possible", (see attachment III). [5] Apparently no action has been taken on the Japanese program since October 30. We feel that the "political and military understandings" have reached a point where Defense should now be in a position to renew its request for FOA approval of the Japanese program.

As to the FY55 program, as I said to you on the phone earlier this week, we believe it essential to include Japan for a specific amount in the illustrative program now being readied for the Congressional presentation. It is virtually certain that our military aid agreement with Japan will come into force before the end of this fiscal year and will require implementation on our part during FY55. *It would be most damaging politically, after such strenuous efforts to conclude the aid agreement and our repeated assurances to the Japanese that aid would be forthcoming, if Japan were to be excluded from the FY55 program.*

It would be appreciated if you could discuss these questions with General Stewart within the next few days. I would be happy to provide you with additional background on the Japanese program and to participate in your discussion with General Stewart if you wish.

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[4] Not found in Department of State files.

[5] Excerpt of a memorandum dated Oct. 30, 1953, from William M. Rand, Deputy Director of Foreign Operations, FOA, to Maj. Gen. George C. Stewart, Office of Military Assistance, Department of Defense, not printed.

No. 749

894.245/3–1654: Telegram

The Secretary of State to the Embassy in Japan

SECRET PRIORITY WASHINGTON, March 16, 1954—6:35 p.m.

2048. AEC gravely concerned report your 2224 [1] and requests following actions taken urgently. State concurs.

1. Contact Dr. Morton ABCC Tokyo and Col Arthur Meeks USAF Headquarters to be considered technical consultants in developing full report *Fukuryu Maru* incident. They have been instructed report to you.

2. Emb should seek arrange for Maritime Safety Board take over vessel and place under effective control COMNAVFE. Vitally important reasons US security that access vessel be restricted and controlled every extent possible through Japanese Government cooperation. May be helpful this connection offer undertake full responsibility decontaminate vessel. Also desire do all possible investigate circumstances injuries received by crew members.

3. In accomplishing above arrangements should be made for Meeks and Morton visit vessel.

In addition warnings mentioned by Okazaki according AP report today, understand further operational warnings covering broad area were issued. Will supply you more specific information concerning actual limits warnings and when given, when received from Pacific. Minister Shima [2] called today to ask similar information.

Secretary Dulles questioned by press this subject today called it "regrettable incident" on which he did not wish comment until full information received. [3]

DULLES

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[1] In this telegram, Mar. 16, the Embassy had made its first report of the exposure to radiation (from the current series of atomic tests) of seamen on the Japanese fishing vessel *Fukuryu Maru* (Fortunate Dragon).

[2] Shigenobu Shima, Minister at the Japanese Embassy.

[3] In telegram 2234 from Tokyo, Mar. 17, Ambassador Allison stated that he had requested of Okazaki Japanese Government approval in carrying out the measures suggested in telegram 2048 and that the Embassy was issuing a press release which included his statement of concern regarding the incident. He also asked permission to state that if investigation showed the United States to be at fault, proper compensation would be made. (894.245/3–1754)

The Department in telegram 2106 to Tokyo, Mar. 25, authorized Allison to inform Okazaki that pending the conclusion of a cooperative investigation of the incident, the United States was prepared to reimburse the Japanese Government for financial assistance which the Embassy and the Japanese Government jointly found necessary, as an interim measure, to "accord persons involved for current medical and

Continued

No. 750

811.05194/3-2454

The Ambassador in Japan (Allison) to the Department of State

CONFIDENTIAL Tokyo, March 24, 1954.

No. 1324

Ref: CERP D-6; [1] Embassy Telegram 2148, March 5 [2] and various Embassy Despatches

Subject: Recent American Investment Problems in Japan

The recent experiences of representatives of three well-known American firms, Studebaker Corporation, Schaeffer Pen Company, and Coca-Cola Corporation, in attempting to make equity investments in Japan, underlines the Embassy's long-standing belief (previously reported, most recently in Embassy Despatches 623 of October 9, 1953; 753 of November 5, 1953; and 919 of December 14, 1953), [3] that responsible Japanese Government officials do not favor the introduction into Japan of equity capital. This attitude has been especially evident in those instances where private foreign capital, particularly American, desired to make investments involving majority ownership and control. However, it has also been applied in other cases. The chief difficulty, the Embassy believes, is the unwarranted fear that foreign capital will result in competition which will be detrimental to domestic producers. There is also reason to believe that this view is shared by a significant number (perhaps a majority) of business leaders. This attitude is adhered to adamantly despite the general admission that Japan is in need of foreign capital. Capital is desired but on Japanese terms. This is defined generally to mean in the form of loans or technological assistance agreements involving royalty arrangements for the transfer of patent and industrial know-how for a stipulated period. With only a few conspicuous exceptions, postwar investments have been almost entirely in these two categories. There is every indication that this trend will continue, as evidenced by the latest overt

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family relief including wages." (894.245/3-2554) After obtaining permission from the Department, the Ambassador reported that he was releasing this information publicly on Mar. 25. (Telegram 2296 from Tokyo, Mar. 25, 711.5611/3-2554)

On Mar. 31, Lewis Strauss, Chairman of the U.S. Atomic Energy Commission, made a statement concerning the atomic tests. For excerpts, see Department of State *Bulletin*, Apr. 12, 1954, p. 548. For the memorandum of a related telephone conversation between Strauss and Secretary Dulles, Mar. 29, see vol. II, Part 2, p. 1379.

[1] Not printed.

[2] Not printed. (811.05194/3-554)

[3] None printed. (811.05194/10-953, 811.05194/11-553, and 811.05194/12-1453, respectively)

display of hostility to the proposals made by Studebaker, Schaeffer, and Coca-Cola. Pertinent elements of the proposed investment plans of these three companies follow:

Studebaker Corporation

This company has concluded an agreement with the Daihatsu Company, a large manufacturer of three-wheel vehicles in Japan, under which the latter would produce Studebaker automobiles under a mutually satisfactory arrangement. In this case, Studebaker did not request either majority ownership or control. The extent of its participation was to supply knock-down assembly units, technical and managerial know-how, a limited amount of specialized machinery, and the facilities of its world-wide sales organization to market Japan-made Studebakers. It was agreed that as many parts as possible would be purchased locally, initially this was to include batteries, tires, upholstery, steering wheels, hardware, and accessories. Eventually, additional parts would be purchased in Japan. In this way, foreign exchange expenditures could be reduced to the very minimum and greater opportunities would be given to the utilization of local facilities, thereby providing employment, a new source of tax revenue and, perhaps most important, contribute foreign exchange to Japan. A lesser but by no means insignificant contribution envisaged was to make a high quality car (compared with domestic makes) available for domestic consumers at a price considerably below that currently quoted on Japanese cars. Moreover, the Studebaker would be suitable for the Japanese market because it is light, has a short wheel base and reputed economy in fuel consumption.

Several discussions were held between Mr. Dewey Smith, the Studebaker representative, who came to Japan to negotiate the agreement, and Japanese Government officials. He also sought the advice of Embassy officers. It was apparent that Mr. Smith was anxious to conclude the arrangement and was willing to make concessions to achieve his objective. He altered his proposal several times in the hope of satisfying Japanese Government officials but to no avail. He even went so far as to guarantee to the Japanese Government that the Japanese company would not ask for more foreign exchange than it earned, after a reasonable preparatory period. Furthermore, he obtained agreement from Studebaker dealers in Argentina that they would purchase 50 cars per month from Japan, if the price would not be more than $100 per unit higher than similar cars from the Studebaker plant in South Bend, Indiana. He also stressed that vigorous efforts would be made to expand the market in Southeast Asia for Japan-made Studebakers, and as a start, whenever possible, consideration would be given to

supplying the present market in certain Asian countries from Japan. In this connection, Mr. Smith indicated that during the year 1952 approximately 5,000 Studebaker cars had been exported from the United States to various Asian countries. He envisaged that Japan could secure 10 percent of this total.

Schaeffer Company

The Schaeffer Pen Company has indicated interest in establishing a joint Japanese-American company to produce fountain pens for sale in Japan and abroad, primarily in the Far East. Under the proposed arrangement, the joint company would produce the pen cases and other parts, and only the fillers and points would be imported. A small allocation of dollars would be required, estimated at about $20,000 for a six-month period. The Schaeffer representative alleged that it had a market for such pens in PXs, Ship Stores and Far Eastern countries, and his company was willing to guarantee that the arrangement would generate more foreign exchange than requested for the importation of parts. In fact, he was reasonably certain that this would approximate half again as much as the dollar allocation required for such imports. He also sought to import ink concentrate for bottling in Japan, all other requirements, including bottles to be manufactured in that country.

Coca-Cola

This company indicated its willingness to guarantee the development of an export business in bottles, cases, advertising, ingredients, building supplies, coolers, and other allied products which, based on a conservative estimate, would exceed by 100 percent the dollar exchange required for syrup for domestic bottling and distribution. In support of this contention, the firm submitted a statement to the effect that, during the period July, 1952 through November, 1953, it had generated exports in these items of approximately $1,500,000 from Japan through sales to Guam, Okinawa, and Korea. Based on a recent market analysis, the company was convinced that it could expand this export business and make coca-cola available to the Japanese at a reasonable price. As both domestic and export sales increased, additional benefits would accrue to the Japanese economy in the form of capital expenditures for land, buildings, and machinery. The business would provide additional employment, tax revenues, improved techniques in the soft-drink industry, and an expanded market for other Japanese raw materials and products.

Despite the repeated efforts on the part of Embassy officers over an extended period to impress upon Japanese officials the beneficial effects to the Japanese economy of various investment proposals of a similar nature to those made by the aforementioned com-

panies, no improvement in their restrictive attitude is discernible. As a matter of fact, from the discussions recently held on these three cases with officers in the Economic Affairs Bureau, Ministry of Foreign Affairs, there is reason to believe that the arguments have fallen on deaf ears. The same cliches were expounded; they all appear to be intellectual rationalizations for a fundamentally emotional attitude which manifests itself in fear and suspicion of foreign equity capital investment.

The Foreign Office officials indicated on behalf of the Ministry of International Trade and Industry (MITI) that these three projects were unacceptable. The principal reason given was that the firms involved were unable to positively assure that exports would actually develop, and therefore the proposals might constitute a drain on Japan's limited dollar exchange holdings. This attitude is yet another example of the basic inability of many Japanese bureaucrats to think in terms of a market as dynamic and not static. Therefore, they discount the idea of selling cars or coca-cola or other items to Argentina or Southeast Asia or elsewhere in larger quantities at lower prices. They consider the proposals as subterfuges by the American companies to obtain a foothold in the economy. After the facade and rationalizations are stripped away, the basic reason for the negative decision is clearly exposed, fear of competition.

As Mr. Otabe indicated so well, Studebaker would be very serious competition for the local industry, and how right he is! And how salutary it would be for Japan's position in world markets if it were more competitive. Of course, the MITI officials are correct when they say that, if the Studebaker case were approved, other American and perhaps foreign companies may ask for the same treatment, and MITI would be hard put to deny such requests. This is further evidence that the evaluation of private foreign investment is not made in terms of the beneficial effects to the economy of Japan and its balance-of-payments position, as stipulated in the Foreign Investment Law, but rather on the basis of its effect on the competitive position of domestic producers and the degree of ownership or control exercised by foreigners.

As indicated in the reference telegram, the Ambassador plans to discuss this matter in most serious terms with the Foreign Minister. He intends to impress upon him that the United States Government considers this matter of prime importance, not only because it adversely affects our interests, but also that it is inimical to Japan's own self-interest. He will stress that the restrictive attitude is contrary to the provisions of Japan's Foreign Investment Law and is in violation of the spirit and the letter of the FCN Treaty. In accordance with the Department's permissive authoriza-

tion, a formal protest will be made to the Japanese Government under Article VII of that Treaty, unless there is a discernible improvement in the investment climate in the near future.

For the Ambassador:
FRANK A. WARING
Counselor of Embassy for Economic Affairs

No. 751

493.949/4-154: Telegram

The Ambassador in Japan (Allison) to the Department of State

SECRET PRIORITY TOKYO, April 1, 1954—11 a.m.

2378. Reference Department telegram 2139 March 26. [1] As indicated in despatch 1317 March 23, [2] Embassy considers time has come for US to notify Japanese Government that we are willing to terminate bilateral understanding without reservations proposed reference telegram. Communist China would gain little or nothing if Japan revised controls down to China Committee level since items involved are already available to China from other China Committee countries.

Decision made August 1952 admit Japan to Paris group but US has continued to bind Japan through bilateral understanding to higher level of China controls than agreed by China Committee. When bilateral was concluded, Japan was promised multilateral treatment in due course and time has come to fulfill that promise. Japan has waited 20 months for Korean settlement and for China Committee to act. Believe we should now say to Japan that, as far as US is concerned, Japan's international commitments re China trade are no greater than those of other members of Paris group. We should at same time make real effort secure Japan's support US positions in forthcoming CG/COCOM/CHINCOM meetings but not make release from bilateral conditional on this.

In unwinding atmosphere initiated by UK position and Churchill statement, Embassy believes would be unwise to bargain with Japan re basis and timing for cancellation of bilateral understand-

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[1] In this telegram, drafted in CA and NA and cleared in substance in FE, EDS, FOA, and the Departments of the Treasury, Defense, and Commerce, the Department informed the Embassy of NSC Action No. 1064 of Mar. 11. (See Document 743.) The telegram reads in part: "Expedited review of '400' List will be completed next week and expected to result in decision to hold small proportion (perhaps 15 per cent) for possible proposal to CHINCOM. Balance (approximately 250 Schedule B numbers) could be available for release." (493.949/3-2654)

[2] Not printed. (493.949/3-2354)

ing. Such an attitude by US at this time would not promote Japanese support for US positions in forthcoming meetings or thereafter. Embassy suggests only reservation to termination of bilateral should be request to Japan to wait on developments Geneva Conference.

Meanwhile, accelerated release from list of 400 and items deleted from US security lists should be permitted. If Washington continues to believe some 15 percent from "400" list should be held for possible proposal to China Committee. Embassy urges short-term deadline be specified for China Committee action. Further prolonged postponement of date when Japanese Government will be able to announce that China controls have been reduced to multilateral level is likely to generate unfortunate repercussions that would be much too high a price to pay for continued embargo by Japan of items which China is able to obtain from other China Committee members.

In event Far East situation threatens to deteriorate after Geneva Conference, Embassy would, of course, modify above recommendations.

ALLISON

No. 752

794.5 MSP/4-654

The Ambassador in Japan (Allison) to the Japanese Foreign Minister (Okazaki)

CONFIDENTIAL TOKYO, April 6, 1954.

MY DEAR MR. MINISTER: I am writing this letter in connection with our recent discussions on the defense measures which the Japanese Government is planning to take in the current fiscal year. I should like to refer specifically to the exchange of notes between us on April 6, 1954, [1] recording agreement to a reduction in expenditures by Japan, as provided in paragraph 2(b) of Article XXV of the Administrative Agreement under Article III of the Security Treaty, by an amount of Japanese currency equivalent to $7,000,000 for the current fiscal year.

In connection with the exchange of notes referred to above, I should like to set forth the understanding of my Government that the defense program received from representatives of the Japanese Government, including the defense plan received on January 26,

[1] For text, see TIAS 2963; 5 UST 742.

1954, will be substantially carried out in the Japanese fiscal year 1954.

The said program will involve:

1. Increase of the strength of Japan's defense forces in the Japanese fiscal year 1954 including *inter alia:*

a. Overall personnel increases by about 41,000 of whom about 31,000 would be uniformed. These increases will be in the Headquarters of the National Safety Agency and the ground, naval and air forces thereunder.

b. Ground forces: Expansion from four to six regions (divisions) and corresponding support.

c. Naval forces: Construction of about 12,000 tons of naval vessels including construction authorized by the budget for the Japanese fiscal year 1953, and initiation of naval air program.

d. Air forces: Establishment of Third Staff, and flying and technical schools. Included are 66 training aircraft (T 34) in the Japanese fiscal year 1953 and 30 more in the Japanese fiscal year 1954.

e. Reserve: Establishment of a reserve system initially comprising approximately 15,000 persons.

2. Budget appropriations of 78.8 billion yen for the National Safety Agency and of 58.5 billion yen under Article XXV of the Administrative Agreement. In addition, eight billion yen as authorization for contracts outside the budget for defense purposes, and ten billion yen through reappropriation of the uncommitted balance in the security reserve account for purposes connected with the relocation of the United States armed forces.

3. In addition to the defense expenditures and contract authorizations listed in paragraph 2 above, there is about a 20 billion yen carry-over from Japanese fiscal year 1953 to the Japanese fiscal year 1954 for the National Safety Agency. It is also noted that the Japanese Government assumes the rental value of national property used by the United States armed forces under Article II of the Administrative Agreement to be about 20 billion yen and in addition anticipates an expenditure of 4.7 billion yen for the support of coast-guard activities of the Maritime Safety Bureau. It is further noted that the total of the direct defense expenditures, contract authorizations and the two other items mentioned immediately above approximate 200 billion yen for the Japanese fiscal year 1954.

4. Japan will make arrangements as soon as possible for effective combined planning by its defense forces with the United States armed forces in Japan.

I should appreciate, Mr. Minister, your confirmation of the general understanding described above.

I should also like to propose that our representatives meet at an early time to consult regarding United States military assistance and detailed measures for the development of Japan's defense forces in the Japanese fiscal year 1954 and further to consider, on the basis of future Japanese defense requirements, the contribution

which the United States may deem appropriate with respect to such requirements. Your views on this proposal would also be appreciated. [2]

Sincerely yours,

JOHN M. ALLISON

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[2] In a reply of the same date Okazaki stated that he wished to confirm generally the understanding of the U.S. Government as set forth above, but added that the Japanese Government would have to seek enabling legislation and budgetary appropriations and, on obtaining them, would be able to put the program into effect. In conclusion the Foreign Minister stated that the proposal put forward at the close of the Ambassador's letter was acceptable. (794.5 MSP/4–654)

No. 753

493.949/4–154: Telegram

The Secretary of State to the Embassy in Japan [1]

SECRET
PRIORITY

WASHINGTON, April 8, 1954—12:38 p.m.

2229. Excon. Your 2410 [2] and 2378. [3] Embassy requested inform Japanese that US prepared cancel bilateral on basis assurances providing gradual reduction and designed prevent serious harmful effect Geneva Conference. Specific assurances would cover following:

(1) Japan would agree relax controls at rate no faster than 30 items per week against list 383 items representing extent Japanese study indicates controls presently above multilateral level. Initial releases to be taken from list 127 mentioned your 2410. However release any US IA, IIB or IC items would be withheld until after May 1 permit time review here whether covered whole or part by existing multilateral embargo. Re such items US would reserve right request clarification CHINCOM where difference view found re existing multilateral coverage and might also wish propose for adoption CHINCOM few additional items which clearly related existing embargo.

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[1] Drafted in EDS and NA and cleared in CA, FE, the Foreign Operations Administration, the Departments of Defense and Commerce, and, in substance by the Department of the Treasury. Repeated for information to London and to Paris marked Topol; airpouched to Hong Kong.

[2] Dated Apr. 3; in this telegram the Embassy reported in part that it had received from the Japanese Government a note accompanied by a list of 383 items which Japan embargoed from its China trade, but which were not on the China Committee embargo list. "Of these, Japanese Government proposes 127 items be removed from bilateral understanding. . . . Note expresses appreciation of previous lifting ban on over 100 items, but observes proposed step can be taken without jeopardizing objectives security export controls." (493.949/4–354)

[3] Document 751.

(2) Japan would agree limit public announcements to routine statements preferably by MITI officials at time removal of items to general effect that Japanese Government is engaged intensive re-examination items on which Japanese controls are higher than multilateral level and intends release from control at accelerated rate those items which Japanese do not consider to be of strategic importance.

Purpose US proposal is (a) enable Japan meet political pressures for reduction controls to multilateral level by accelerating rate of decontrol but (b) avoid any sudden removal large bloc of items from control which would imply that substantial relaxation China controls underway. While necessary for Japanese Government indicate that another step has been taken in direction bringing Japanese controls into conformity with multilateral controls, highly desirable no attempt be made by Japanese Government dramatize accelerated removal of items from embargo as new policy or as indication Japan no longer recognizes need for multilateral cooperation in maintenance controls on China trade. Our hope is that Japanese handling of decontrol would so closely resemble disciplined decontrol procedure followed in past six months that could not be regarded by Chinese Communists as evidence inability countries of free world continue maintain high level controls on strategic trade with China.

Department defers to Embassy judgment that it is unwise to condition proposal for cancellation bilateral upon Japanese undertakings support US other trade control matters. But US proposals will demonstrate willingness US to cooperate with Japan on realignment Japanese controls and will enable Japanese ease political pressures for reduction Japanese controls to multilateral level. Consequently Embassy requested coincident with presentation US proposal on bilateral to seek Japanese cooperation in (1) withholding request to CHINCOM for exception on GI sheets and automotive parts and (2) supporting maintenance CHINCOM controls during Geneva conference.

Embassy should caution Japanese that in event Far East situation deteriorates US will depend on Japan and other free world countries cooperate imposition tighter controls on trade with Communist China. [4]

DULLES

[4] Documents in file 493.949 for 1954 indicate that gradual release of items from Japan's separate China trade embargo list continued through spring and summer 1954.

No. 754

711.5611/4–854: Telegram

The Secretary of State to the Embassy in Japan [1]

SECRET WASHINGTON, April 8, 1954—7:08 p.m.

2239. Department's 2220, [2] your 2448. [3] As our object continues be acquire all facts *Fukuryu Maru* incident, true condition patients is important element which can only be satisfactorily obtained through direct access by Morton and his associates. [4] Despite wide difference conditions exposure to radioactivity on vessel and natives and Americans in islands in path fall out whose exposure immediately known, Japanese refusal allow us full access and general failure cooperate gives some basis belief Japanese attitude stems from other than psychological grounds and they have something to hide. Also on simpler grounds lack of firsthand knowledge might well have adverse consequences if special congressional action necessary later for purposes compensation.

Hoped that statement on withdrawal [5] and reply Japanese *aide-mémoire* [6] will produce favorable Japanese reaction leading to ef-

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[1] Drafted in NA and cleared in S/AE, U/OC, and FE. Murphy approved the telegram for transmission.

[2] Dated Apr. 7, not printed. (711.5611/4-754)

[3] Dated Apr. 8; this telegram concluded a series of messages, all in file 711.5611 for March and April 1954, in which the Embassy detailed its contention that Dr. Morton and his staff had not been allowed sufficient access to the radiation patients (in the period subsequent to the patients' removal to Tokyo) to enable diagnosis or prognosis of their condition. In telegram 2448, the Embassy referred to a proposal that Dr. Morton and Merril Eisenbud of the AEC should leave Tokyo but issue a public announcement concerning their activities. (711.5611/4-854) Merril Eisenbud, Director of the Health and Safety Laboratory at the New York office of the AEC, arrived in Tokyo on Mar. 22 to assist in the investigation.

[4] Although the Department in telegram 2220, Apr. 7, approved the issuance of a public statement upon the departure of Dr. Morton and Dr. Eisenbud giving a record of their activities, it had also stated: "US willingness stand by for further assistance should however be emphasized." (711.5611/4-754)

[5] The statement was issued by Allison on Apr. 9. In the first paragraph Allison stated that on the occasion of the departure of Morton and Eisenbud he wished "to express again in the name of the United States Government our deep regret for the unfortunate accident to the *Fukuryu Maru* and our continuing concern for the recovery and well-being of its hospitalized crewmen. I have already announced the intention of the United States Government both to reimburse the Japanese Government for interim financial assistance to the patients and their families and, for the future, to take all possible measures to prevent any recurrence of this most regrettable accident." In the remainder of the statement, Allison described the work done in Japan by Morton and Eisenbud. For full text, see Department of State *Bulletin*, Apr. 19, 1954, p. 598. Allison discussed the statement in his memoirs; see Allison, *Ambassador from the Prairie*, pp. 263–266.

[6] The Japanese *aide-mémoire* dated Mar. 31 concerned the burdens placed upon the Japanese fishing industry as a result of an enlargement of the proclaimed

Continued

fective cooperation and complete access patients. With timing at your discretion request you continue efforts directed obtaining firsthand knowledge patients. Using any considerations expressed para above, emphasize deep concern felt by highest quarters US Government as result lack effective Japanese cooperation. Appreciate your excellent handling this difficult situation which involves wide range problems with respect atomic development, and our need for all facts to answer most effectively domestic and foreign critics. [7]

DULLES

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atomic testing danger zone. The *aide-mémoire* is summarized in telegram 2372 from Tokyo, Mar. 31. (711.5611/3-3154) Text of the U.S. reply delivered on Apr. 10 is in telegram 2462 from Tokyo, Apr. 9. (711.5611/4-954)

[7] In telegram 2488, dated Apr. 12, the Embassy, after reviewing the medical situation, concluded:

"We doubt, however, as situation now stands and after successive representations to Foreign Minister and Prime Minister, that our further preachments for cooperation will produce more than limited sharing of Japanese medical investigations. If accurate knowledge true condition patients is sufficiently important to our national health interests to make denial of direct US access matter of grave concern, we shall probably have to move to some form or other of coercion and sanctions. This will require major effort in view emotionalism that surrounds subject here, weakness of government, entrenched position of government scientists and bureaucrats, and jingoistic sensationalism of press. We doubt that threat to withhold compensation would be enough, but if we go in with something more severe, we should be prepared to see it through. Under these circumstances and as Department has left timing to me, I have not taken action requested reference telegram. We have however used all these arguments at various levels heretofore." (711.5611/4-1254)

No. 755

Editorial Note

In telegram 2468 from Tokyo, April 10, Ambassador Allison commented on the impact of the Geneva Conference on Japan. For text of this telegram, see volume XVI, page 510.

No. 756

FE files, lot 55 D 480

Memorandum by the Acting Director of the Office of Northeast Asian Affairs (McClurkin) to the Deputy Assistant Secretary of State for Far Eastern Affairs (Drumright) [1]

SECRET WASHINGTON, April 14, 1954.

Subject: Implementation of NSC decision approving the gradual reduction to the multilateral level of Japanese controls on trade with Communist China.

On March 19, 1954, the NSC, while making no change in general US policy regarding controls on trade with Communist China, decided that the US should release Japan "gradually, as appropriate" from its obligation under the US-Japanese bilateral agreement to maintain controls on exports to Communist China higher than the CHINCOM level. The difference between the multilateral level of controls on trade with Communist China and the level maintained by Japan under the bilateral is composed of two categories of items. The first category consists of items which the Japanese agreed to embargo to Communist China because the United States prohibits or controls quantitatively their export to Eastern Europe, although they are not controlled by our Allies under multilateral agreement. The second category is the special list of "400" items which the Japanese agreed to embargo pending mutual determination on whether the items should be considered strategic.

The two categories of items covered under the bilateral are much less significant than they once were. Some of the items have in the past two years been adopted by CHINCOM for multilateral control. Over 100 of the items on the "400" list have, in the past seven months, been determined by the United States to be non-strategic, and have been removed from embargo by the Japanese. But the most important development has been the decision of the United States, as a result of a review of its security lists, to permit shipment of a large number of items to Eastern Europe. The deletion of these items from US security lists not only sharply reduces the number of items covered under the first category of the bilateral but also undermines the justification for the retention of the less important items covered under the second category of the bilateral. Although the United States is obligated to notify the Japanese promptly of items removed from the first category of the bilateral, there are 183 such items on which no notification has yet been

[1] Routed through Charles F. Baldwin, Economic Coordinator in the Bureau of Far Eastern Affairs.

given to the Japanese. Since the Japanese Government is pressing the United States for agreement to drop 127 items there can be little doubt that it would use its legal right to remove all of these 183 items from the embargo list immediately upon such notification.

In implementing the NSC decision we have kept the following objectives in mind: (1) the need for easing political pressures in Japan; (2) the desirability of securing Japanese cooperation in maintaining multilateral controls; and (3) the avoidance of any adverse effects on the Geneva conference. In telegram 2229 to the Embassy of April 8, the Embassy was authorized to inform the Japanese that the United States was prepared to cancel the bilateral subject to assurances that the Japanese would spread the removal of items from embargo over a period of at least three months and that the Japanese would minimize publicity concerning their reduction of controls. We asked the Embassy at the time it presented our proposal to the Japanese to seek their cooperation in maintaining a high level of multilateral controls. We also cautioned that if there were any deterioration in the Far East situation we would depend upon Japan and our other Allies to tighten their controls.

The gradual reduction of Japanese controls to the multilateral level over the next three months will help us to secure wider support from Japan for the maintenance of a high level of multilateral controls against Communist China. The Embassy has estimated that the increase in Japanese exports to Communist China as a result of reduction of Japanese controls to the multilateral level will not be greater than $25 million a year. A reduction in Japanese controls has been going on for seven months. While this reduction will now proceed at an accelerated rate it can be explained as a continuation of the Japanese policy of re-examining items which Japan embargoes above the multilateral level for the purpose of removing them if they are considered not to be of strategic importance.

No. 757

711.5611/4-1554: Telegram

The Ambassador in Japan (Allison) to the Department of State

SECRET PRIORITY TOKYO, April 15, 1954—6 p.m.

2522. Pass Bugher, [1] AEC. Reference Embassy telegrams 2488 [2] and 2497. [3]

1. Dr. Morton reports on basis his visit to test area that medical and scientific information being developed within area more complete than would now in any case be possible derive from 23 *Fukuryu Maru* patients. In his view, importance of Tokyo patients to US national health interest now minimal.

2. If Department and AEC concur, it would seem neither possession of vessel (Department's 2107) [4] nor direct access to patients is now of significant concern to us. Our interests in situation from this point on would then appear to be:

(a) To eliminate it as focus of international agitation; and
(b) To minimize its strain on US-Japanese relations. Immediate object for our attention would be compensation question.

3. Tsuchiya sought out Embassy officer . . . . Suggested single lump-sum settlement by US for subsequent distribution by Japanese Government to hospitals, ship owner, fishing industry and other claimants. If US could pay such sum quickly, whole incident might soon be buried. Embassy officer replied rapidity of payment would probably depend on amount asked but thought possibility worth exploring. Tsuchiya promised to do his best and would communicate results his efforts two or three days. He was unable suggest possible magnitude sum involved.

4. Difficult evaluate significance this approach, but Tsuchiya's intervention probably not extemporaneous. Formula of single lump-sum would obviate litigiousness of interim claim as now formulated and would avoid precedent for indirect damages to fishing industry which might establish basis for extensive and continuing liability in Japan and elsewhere. We would, of course, probably wish to indicate in any public statement portion of settlement we considered

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[1] John C. Bugher, M.D., Director of the Division of Biology and Medicine, U.S. Atomic Energy Commission.

[2] Dated Apr. 12; see footnote 7, Document 754.

[3] Dated Apr. 13, not printed. (711.5611/4-1354)

[4] Dated Mar. 23. In this telegram the Department in part stated that the AEC staff no longer felt that technical security considerations warranted attempts to obtain control of the *Fukuryu Maru*. (711.5611/3-2354)

reserved for crew's solatium, but we could regard entire settlement as *ex gratia* payment.

5. Would appreciate Department's comments feasibility such formula. [5]

ALLISON

[5] In telegram 2305 to Tokyo, Apr. 17, the Department commented on this formula as follows: "While Department concurs desirability minimizing *Fukuryu Maru* incident, considerations emphasized Department's 2239 [Document 754] continue prevail. Apart from security information needed we cannot entertain requests for large sums in compensation without knowledge facts underlying Japanese claims. Agree lump sum settlement as *ex gratia* payment most favorable our position. Depending on magnitude sums involved likely that special Congressional appropriation needed. Efforts obtain passage necessary legislation or executive funds if available will be impeded unless have reliable information as basis dispel doubts re *bona fides* crew their real condition and other circumstances incident." (711.5611/4-1554)

No. 758

794C.0221/4-2054

The Deputy Secretary of Defense (Kyes) to the Secretary of State [1]

TOP SECRET WASHINGTON, April 20, 1954.

DEAR MR. SECRETARY: While you were in Berlin, the National Security Council discussed the proposed Revised Directive for the U.S. Civil Administration of the Ryukyu Islands. Since there were certain aspects of the proposed directive still unresolved between our departments, and in recognition of your previously expressed personal interest in this matter, the President decided to defer further consideration until your return. More specifically, NSC Action No. 1047, resulting from its meeting of 17 February 1954 on the subject, reads as follows:

"a. Discussed the draft directive on the subject prepared by the Departments of State and Defense and transmitted by the reference memorandum of February 16, 1954."

"b. Noted that the President would make a final decision regarding the draft directive after further discussion with the Secretary of State and Defense."

Since this question remains unresolved, it has been impossible for this Department to issue what is felt to be much needed revi-

[1] Filed with a covering note dated Apr. 19 from Kyes to Smith. The note reads: "This has been held up pending the return of the Secretary. We all know that he has been under heavy pressure, but please put this on top of the pile so that he will see it when he first returns."

Dulles was out of the country Apr. 11-15, and upon his return visited several cities in the United States. On Apr. 20 he left Washington for Paris and Geneva.

sion of the current directive. It is my view that the proposed directive agreed upon by representatives of the Departments of State and Defense at a meeting on 15 February 1954 should be issued. In order that the civil administration in the Ryukyu Islands may be facilitated, it is hoped that the Departments of State and Defense may be able to arrange for a discussion with the President in the near future so that a final decision may be made. [2]

Sincerely yours,

ROGER M. KYES

[2] Attached to Kyes' letter is the following note, dated Apr. 20 and initialed by Walter K. Scott of the Secretariat:

"The Under Secretary discussed this with the Secretary and with the Deputy Secretary of Defense Kyes by phone.

"The sense of the agreement reached with Mr. Kyes was to the effect that an active senior military officer from the Armed Forces would be appointed to head the U.S. Civil Administration of the Ryukyu Islands; the appointment to be made by the President after considering the recommendations of the Secretary of State and the Secretary of Defense."

No. 759

894.245/4-2254

Memorandum of Conversation, by the Acting Director of the Office of Northeast Asian Affairs (McClurkin)

CONFIDENTIAL [WASHINGTON,] April 22, 1954.

Subject: Japanese Fishermen Who Suffered from Radioactive Fall Out

Participants: His Excellency Sadao Iguchi, Ambassador of Japan
General Walter Bedell Smith, Acting Secretary
Mr. Robert D. Murphy, Deputy Under Secretary
Mr. Robert J. G. McClurkin, Acting Director, NA

Ambassador Iguchi came in at the Acting Secretary's request. The Acting Secretary said that he regretted having to tell the Ambassador that the United States Government is seriously disturbed about the way in which the case of the 23 Japanese fishermen is being handled in Japan. The low point in Japanese medical hostility came with the last report [1] in which certain Japanese doctors had said that they had asked for assistance but had received no reply. Actually, the best American assistance available had been offered. Dr. Morton and Mr. Eisenbud had gone to Tokyo, but since their assistance was not used and the information they could have

[1] Telegram 2574 from Tokyo, Apr. 21, not printed. (711.5611/4-2154)

provided was apparently not required, they had left. However, they had emphasized that the offer for assistance still holds good. The Acting Secretary said that it would be extremely unfortunate if anything should mar the harmony in the relations between the U.S. and Japan, especially at this time as we approach a conference when the Communists will undoubtedly make every fantastic charge they can think of. He requested the Ambassador to convey to his Government our concern, and said he felt he must protest in the most friendly way possible the statement made by the Japanese doctors.

Ambassador Iguchi said that there was some feeling in Japan that Dr. Morton was not as sympathetic in the treatment of patients as he might have been in his work at Hiroshima. When he saw the injured fishermen he expressed no word of consolation to them. However, Ambassador Iguchi said he did not want to offer excuses. He had sent a telegram to his Government after talking about the same subject with Mr. Murphy on April 16. [2] He would immediately communicate again with his Government to let them know of the serious concern of the U.S. Government.

The Acting Secretary emphasized our desire to be helpful, and said that we would be glad to do anything that we can if the Japanese Government would just let us know. He hoped that a pattern of cooperation could be developed, particularly since we are both anxious that nothing should happen which might interfere with a successful trip to the United States by Prime Minister Yoshida.

[2] This conversation is briefly summarized in telegram 2305 to Tokyo, Apr. 17: "Iguchi called on Murphy April 16 at own request and among other subjects mentioned preliminary Japanese views on compensation. Murphy gave US reactions to Japanese handling incident including frank statement re suspicions which exist and requested effective cooperation Japanese Government in order prevent unfortunate results for United States-Japanese relations." (711.5611/4-1554) For another portion of this message, see footnote 5, Document 757.

No. 760

794.5 MSP/5-1154: Telegram

The Ambassador in Japan (Allison) to the Department of State

CONFIDENTIAL TOKYO, May 11, 1954—7 p.m.

2757. Reference: Circular Telegram 366, April 15. [1] Seriously disturbed over prospect only $29 million OSP for Far East (presumably Japan) for FY 1955. As Department aware defense industrial

[1] Not printed.

build-up just starting in Japan despite late date and repeated top level directives to aid and expedite.

Is it intended that MDAP appropriation for Japan for FY 1955 include funds which can be used for local procurement? If not, Japan's entire industrial mobilization will almost exclusively depend upon Japanese Government appropriation, which would probably mean that even presently existing capacity will not be utilized. This is most inauspicious prospect for mutual security program just getting under way.

We realize Japan will have to carry increasing part of burden of defense build-up and industrial mobilization and we have never recommended large OSP program. Nonetheless contemplated sharp reduction is unrealistic if we are really serious in desire for adequate defense industry created Japan. Diminished program coming immediately upon heels of Japan's ratification of MSA, cannot help but raise serious problems when we discuss with Japanese their next year's defense appropriation. It will also plan [*play*] into hands of Left Wing who argue United States has no real interest in Japan other than getting manpower for our own use. Futhermore, regardless of our present feelings, it may become absolutely essential to spend dollars in Japan under OSP to cover balance-of-payments deficits.

Given present temper of Japan toward defense expenditures, we are deluding ourselves if we think that defense industries will suddenly blossom here without substantial orders from the United States. Question then becomes, do we or do we not want Japan have adequate industrial capacities to supply at least in part of her forces and those of other friendly countries of the Pacific?

Far East Command concurs.

ALLISON

No. 761

894.10/5–1854: Telegram

The Ambassador in Japan (Allison) to the Department of State

CONFIDENTIAL TOKYO, May 18, 1954—7 p.m.

2837. This afternoon's *Asahi Evening News* reports that government has "tentatively decided to submit request to US Government for $120 million loan when Prime Minister Yoshida visits that country on his global tour". [1]

[1] Prime Minister Yoshida was scheduled to arrive in Washington on June 7 on the first leg of a world tour.

When Howard Sheperd, Chairman of Board of National City Bank, was in Tokyo last week, he told me bank was being informally approached by Japanese with view to opening line of credit in US during Yoshida's visit. In response to his query I said my initial reaction was unfavorable for two reasons:

In the first place, I felt timing was wrong and that if Japanese believed they could get substantial loan or line of credit from United States it would delay their taking necessary steps on their part to shore up present precarious economic situation. I admitted that even if Japanese should take all possible steps of their own it would probably still be necessary for them to receive some economic and financial aid from US but my present opinion was that in Japan's own long-run interest America should at this time be hard boiled.

In second place, I expressed opinion that grant of loan to Yoshida at this time when he has just surmounted one political crisis and while political situation still unstable might well backfire. If loan granted, opposition could claim Yoshida was being "bought" by America and that under such circumstances, retention of Yoshida in power would only mean continued servile subservience of Japanese Government to United States.

Sheperd told me he thought my points were well taken and he would caution his people to be careful in any talks that might take place. Japanese Vice President Johnson of National City Bank has just come in to tell me that on afternoon prior to Sheperd's departure, he had had interview with Ikeda and Suzuki of Finance Ministry in which Japanese put forward request for line of credit in neighborhood of $150 million. According to Johnson, Mr. Sheperd advanced as his own two opinions given above and asked specifically whether Ikeda did not agree that grant of loan to Yoshida at this time might backfire. Ikeda is reported to have replied that on contrary, if Yoshida did not come back with something it would be final and fatal blow to him and Liberal Party. Everyone would say that in spite of all Yoshida had done to cooperate with United States he could not even obtain any sort of loan. I pointed out to Johnson that in many respects Japanese cooperation with United States, in economic as well as other matters, left considerable to be desired and that I still was of the opinion timing was not ripe for grant of such line of credit. Johnson said Ikeda indicated that Japanese would be satisfied with strict conditions being placed on line of credit and would expect to have to justify thoroughly individual projects before money would be forthcoming. Ikeda claimed that for every million dollars Japan received it would be necessary to use 25 to 50 million yen and that therefore it was not likely that there would be any sudden influx of dollars into Japanese economy. Sheperd told Ikeda that he did not wish to make any decision at that

time as to whether or not private American banks would look with favor in granting credit to Japan but said that in any case this would not be done unless the banks knew they had approval of American Embassy in Tokyo and United States Government. Ikeda stated that Japanese did not wish to approach Embassy at this time but rather desired to obtain informal reaction of American bankers. If this was negative, Japanese would then drop matter and would endeavor to make clear that Yoshida's trip was only "good will" tour without any expectation of conducting important negotiations. Sheperd reserved comment but, according to Johnson, cabled factual report of meeting to his head office.

In addition to what I had previously said, I told Johnson confidentially that I was reinforced in my opinions as result of conversations with Italian Ambassador here who has just recently returned from Rome. Ambassador told me that American aid to Italy, in his opinion, had effect of "dope" on Italians and because it had been given too freely and without sufficient conditions attached prevented Italians themselves from getting down to business and doing what they should have done to improve their own situation. This had played into hands of left wing and Communists in Italy according to D'Ajeta. Johnson agreed that there was danger in giving too much too soon but pointed out that if we waited too long Japan might get into such critical economic situation that it would cost far more to bring her back.

Do not yet have any final recommendations on this matter but in view of fact that Yoshida has said he wants to see me before his trip (see Embtel 2814) [2] I should appreciate Department's reaction to above. [3]

ALLISON

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[2] Dated May 17, not printed. (033.9411/5–1754)

[3] In telegram 2591 to Tokyo, May 21, drafted in NA and cleared with OFD and the Department of the Treasury, the Department replied:

"Agree undesirable give any encouragement line of credit sought for political reasons connection Yoshida's visit.

"Do not desire discourage consideration on merits by private US banks of loans for specific projects tending improve Japanese economic position although implications for IBRD lending would have to be considered. Have no indication private banks prepared consider in major amounts." (894.10/5–1854)

No. 762

711.5611/5-2054: Telegram

The Ambassador in Japan (Allison) to the Department of State

TOP SECRET Tokyo, May 20, 1954—2 p.m.

2853. Subject: *Fukuryu Maru.*

1. End of 1954 Pacific nuclear tests gives us opportunity for first assessment import *Fukuryu Maru* incident for US–Japan relations. Full implications may not be known for years but certain conclusions of critical import to US policies are now possible.

2. Conclusions are unpleasant, some even ominous. However, espionage or provocation by vessel or crew do not seem be in picture. No intelligence available our agencies has yet provided basis for initial US suspicions. Disturbing policy implications flow, however, from Japanese official response and national reactions to incident. Severe deficiencies in security, administrative discipline, emotional stability, and cooperativeness have been exposed. Even though we understand extraordinary emotional strain this incident imposed on Japan, we will have to take into account these weaknesses.

3. Emotionalism attending incident here was product worst possible combination factors: Japan with its World War II atomic legacy; high seas fishing areas, over which Japanese nerves already rubbed raw by closures of traditional open fishing zones on part Japanese neighbors and by seizures innocent fishing vessels by Red China, USSR, and ROK; fish itself, which as main item Japanese diet brought incident home to every family and at height tuna season, thus affecting both food supply and dollar exports; and time of accident where variety other factors worsened thoroughly bad situation.

(a) Incident corresponded with passage first postwar appropriation for atomic energy research in Japan; every ministry and agency was asserting its claims to these funds and to designation as Japan's chosen atomic instrument. Custody of ship and patients immediately became object intense bureaucratic jockeying.

(b) Incident coincided with mounting government crisis and growing Cabinet fatigue. Fifth Yoshida Cabinet was being harried in Diet, shaken by scandals and procurators probes, and threatened by gathering revolts inside Liberal Party and by Conservative merger maneuvers outside its control. It was compelled to concentrate its depleted energies on its own survival while working through a difficult legislative calendar. To make matters worse, bureaucratic dissatisfaction was brewing at national level because of government and party deficiencies and at local level because of Cabinet's attempts to recentralize administration. The press was using all this to whip up its continuing campaign against a government which appeared all but tottering.

(c) Incident coincided with heightening tension in Far East; twin issues of Korea and Indochina, toward which Geneva seemed to Japanese to hold scant promise, created specter of new and larger war not unrelated to Pacific tests in Japanese minds. If it came, most Japanese could not see how they could escape involvement, probably atomic involvement, and prospect horrified them. At same time curious ambivalence in Japanese character asserted itself. Destinies of Far East were about to be decided in Korea, in Indochina, and at Geneva, and Japan was excluded from negotiating councils. Japan craved occasion to assert its position and remind world of its importance.

4. This was psychological and political background for *Fukuryu Maru* incident. When new pressures of Japan's exposure to "ashes of death" were added, government and people cracked. Period of uncontrolled masochism ensued, as nation aided by unscrupulous press, seemed to revel in fancied martyrdom, and US-Japanese cooperation broke down. For a time, on *Fukuryu Maru* incident, government in Japan ceased to govern.

5. Breakdown was triggered by small group Japanese scientists and doctors, many of whom were fuzzy-minded leftists, pacifists, neutralists. Nearly all seemed animated by resentments arising from occupation with its ban on Japanese atomic research; by hostility toward ABCC and its SCAP-founded correspondent, the National Institute of Health; by sense of outrage over purges in medical and scientific field. All of them had vistas of nation-wide publicity at home and world-wide scientific prominence as exclusive proprietors of world's first hydrogen-bomb patients.

6. For first few days doctors and scientists held the field, with uncontrolled statements and releases made more lurid by sensationalist press. Then Communist and pacifist and neutralist agitation and propaganda apparatus moved into situation that was made to order for them to (a) alienate Japan from US; (b) derive nuclear intelligence; (c) pose as champions of Asian racialism; (d) attempt delay or have suspended 1954 thermonuclear tests. Press treatment their charges and complaints turned from mere sensationalism to avalanche of abuse against US. American doctors were vilified; US offers of assistance portrayed as attempts to conceal evidence or minimize injury to Japan; Embassy expressions of regret over incident denounced as either belated or insufficiently effusive. National responses to combined exertions Communists, scientists, and press irresponsibility was immediate and overpowering. The most senior levels of the government under incessant prodding from the Embassy at first attempted half-heartedly to gain control of situation. They persevered for about three weeks; they were routed.

7. The record of their attempts disclosed following:

(a) Lack of domestic security framework: Access to *Fukuryu Maru* itself was not restricted until March 18, five days after return to port. As late as March 27 reporters and photographers were freely allowed aboard. Samples of fall-out ash were removed, officially, from vessel, but no inventories of these samples were taken and no control maintained. Unknown quantities were removed unofficially by various visitors, analyses of ash constituents were widely published in all newspapers. Access to patients was uncontrolled until removal to Tokyo March 28, and has since been partially restricted for medical reasons but without any security screening of visitors. Invariable government reply to Embassy representations has been to claim that due to occupation reforms, no laws exist restricting publication scientific data or permitting screening of scientific personnel. Claim is, of course, legalistic and immaterial in emergency situation.

(b) Lack of control over bureaucracy: Inability of Cabinet to enforce discipline inside administrative organization has characterized entire period. Government was unable compel or persuade civil servants to actions they opposed; direct orders from Prime Minister to Cabinet and from Ministers to staff were flouted; formal commitments to US were ignored. Government suffered and accepted series humiliating retreats. Over opposition of Welfare and Education Ministries bureaucrats, government was unable comply with successive Embassy requests; (i) to turn *Fukuryu Maru* over to US Navy for decontamination; or (ii) to sell it to US; (iii) to purchase it from owner and sink it. Ship will be retained for research. Re patients, government not only unable provide access for examination by US physicians but appointments made at Cabinet level for them to visit patients were refused by bureaucrats in charge. Re inspection of reported cases of additional radioactive fish and vessels, government was unable carry out arrangements confirmed by Foreign Office for access by US experts because of "failure of coordination between Ministries concerned". Critical point is not display of insubordination itself but government's acceptance of it and its failure take disciplinary action against offenders.

(c) Lack of information apparatus: Government was not only unable to control or coordinate press statements by bureaucrats and government doctors or to restrain slanderous attacks on US but it was also unable have its own statements and corrections published. Formal assurances of centralization all press statements in official committee have been and are being repeatedly breached. Government's disavowal bureaucrats tendentious April 21 statement went unreported, as did subsequent press conference by Minister Welfare [1] using US materials to attempt quiet public hysteria re nuclear contaminations. We cannot help but feel government was less than strenuous in these instances, for we know of no previous case in which press has successfully imposed complete blackout of government statements.

(d) Extent of national atomic vulnerability: These crowded industrialized islands have long been recognized as perhaps world's most

[1] Ryuen Kusaba.

susceptible nuclear targets, and not less so because of direct World War II experience. What must now be recognized is depth of Japanese fear of nuclear weapons, their conviction of doom in event of war, and, as consequences their readiness to panic and their intense gullibility in nuclear matters. Throughout past eight weeks, no report of long-range air or sea contamination, no story of food or water pollution, no theory of genetic deterioration seemed too wild for acceptance. To unlimited targets of opportunity in Japan, to total lack of civilian defense organization must now be added this dangerous psychological vulnerability of Japanese to weapons and devices of nuclear technology. If Communists understand this latter element, and there is no reason to believe it has escaped their attention, the consequences for our military planning with respect to Japan could be extremely grave. In the event of war or an imminent threat, if Communists astutely manage and carefully prepare a psychological-military operation involving threat of nuclear weapons against Japan, this might well on basis present record produce national stampede that would sweep over any Japanese Government that attempted to halt it. In this process our own bases could be isolated and even made untenable.

(e) Strength of neutralism and isolationism: Finally, record of period has revealed that certain national traits have not been extinguished in postwar Japan: A feverish sense of pride and sovereignty, willingness to sacrifice long-term advantages for short-term gains, and tendency to go it alone. Shrillness and baselessness of attacks on US good will and "sincerity" throughout entire period are indicative of sentiment to disengage from US.

We should not underestimate force of this sentiment and its relations to our efforts to establish system of collective action in Far East. It greatly strengthens neutralists appeal.

8. For present, assessment of lasting damage done by incident must be incomplete. Position of neutralists, pacifists, feminists, and professional anti-Americans while by no means dominant has been strengthened. Doubts re wisdom and feasibility of Japanese rearmament in nuclear age have increased. It may be coincidence but NSA enlistment rates are reported sharply down throughout country. Elements, in both Conservative and Socialist circles, working for some kind of accommodation with Red China have increased their activities, and government quarters can not be unmindful of this. Furthermore, press has begun to call on government to exact guarantees from US that Japan will never be used as base for launching atomic war against Asian neighbors. Senior Foreign Office official in answer to questions from Independent member told Diet Committee May 12 that US could bring nuclear weapons into Japan without informing Japanese Government and acknowledged that "since there is no mutual security system there is fear we will not be consulted when atomic and hydrogen bombs used". This agitation may well continue and expand, and it will strengthen latent desire for early revision security treaty including some

form nuclear understanding. Beyond this point much will depend on how quickly and satisfactorily we can settle specific issues in *Fukuryu Maru* case. Here nub of problem is settlement claims; on this we still await Japanese response to our compensation formula. With compensation settlement and end 1954 series much of sensationalism surrounding incident should disappear. It will be to Japanese interest to close out or explain away administrative deficiencies and national vulnerabilities incident has illuminated. It is probable that short of imminent threat of war in Far East, point of our greatest dependence on Japan, we shall not again be shown so sharply lack of Japanese domestic security, absence of effective control over bureaucratic apparatus, paralysis of government in information field, and desire to pull free of US and other foreigners. Strength of Japanese neutralism and isolationism may more often be evident.

9. Remedies for these weaknesses must be sought in development stronger, tougher-minded Japanese Government and in recovery of people from postwar psychosis. But a regime fortified with increasingly centralized security and information controls, indispensable as such a development is on present evidence, would not of itself be enough. It is highly questionable whether stronger Japanese Government had it existed in March 1954 would have produced different national response to *Fukuryu Maru*. Panic might have been more controlled; hysteria might have been more managed and purposeful. We might more quickly have arrived at present dead center where government seems to be letting matter ride. Specific actions it could now take, if it desired to bring incident to speedy close, would be to provide us with complete clinical reports re patients, to submit lump-sum compensation estimate, to control utterances of at least senior personnel. Failure take any these steps is at this date probably attributable more to lack of willingness than to lack of capability. And this reluctance in turn would seem derive from desire extract some advantage from uncontrolled panic of March and April in terms stronger bargaining position re Japan's role in Far East collective action system or revision of security treaty. Also government not unmindful political advantages demonstrating independence from US.

10. In these matters whether we deal with strong or weak government in Japan we are involved in heart of problem of Japan's national survival in nuclear age. Neutralism in Japan will vary in direct proportion to conclusion Japanese leaders reach as to whether relationship with US can provide, more than any other course of Japanese action, defense and security in period when both US and USSR possess thermonuclear weapons. Ultimate significance of *Fukuryu Maru* incident will thus be first whether we can devise a de-

fense strategy for Japan's security in light enormous new complications that 1954 thermonuclear test series has established and then whether we can persuade a much stronger Japanese Government that our planning has solved problem to extent it can be solved.

11. Many of conclusions above patently serious. This, of course, does not of itself mean we should draw in our lines but rather that certain realities with which we have to live are now more apparent. I look forward to discussing this further when I am in Washington. [2]

ALLISON

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[2] Allison was scheduled to arrive in Washington on June 2 to help prepare for the visit of Prime Minister Yoshida.

The Secretary forwarded a copy of this telegram to President Eisenhower under cover of a note dated May 24, which concludes as follows: "This [telegram] is particularly relevant in view of the prospective visit here of Prime Minister Yoshida. Also it is relevant in relation to the talks which you may be having with Churchill." (711.5611/5–2054) For documentation on the talks held in Washington June 25–29 between U.S. officials and a British Delegation headed by Prime Minister Churchill, see volume VI.

Telegram 2635 to Tokyo, May 27, marked "No distribution" and "For Ambassador from Secretary", and drafted by Dulles, reads: "President has read your 2853 and found it of great interest and value from standpoint of policy formulation. I look forward to seeing you next week." (711.5611/5–2054)

No. 763

711.5611/5–2954

Memorandum by the Acting Secretary of State to the President [1]

TOP SECRET [WASHINGTON,] May 29, 1954.

Subject: Tokyo's Telegram 2853 [2] and the Japanese Situation

The Bikini accident of March 1 spotlighted the following major facts and implications to the United States of the situation in Japan:

1. The present Yoshida government is not at all times able to control its own bureaucracy. We doubt that Yoshida will remain much longer as Prime Minister and he may retire after his world trip in June and July. However, the trend in Japan is toward a more powerful grouping of the dominant conservative forces and a

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[1] Drafted in NA. In a memorandum to Dulles dated May 26, the President expressed concern about the Japanese situation as reported in telegram 2853, *supra*, and asked for "a brief analysis of this situation in terms of what things we can and should do now to improve our prospects in that region." (711.5611/5–2654)

[2] *Supra*.

more effective government. This is a problem which the Japanese must solve for themselves.

2. International problems, particularly Japan's mounting foreign exchange crisis, the strong role being taken by Red China, Russia's thermonuclear capability, and Indochina, cause the Japanese Government and people concern over the value of their political and security ties to the United States. We expect to discuss these matters with Yoshida here in June and believe it would help if you personally would assure him of our determination to hold the line in Asia and as necessary to help Japan in its economic troubles.

3. The Japanese are pathologically sensitive about nuclear weapons. They feel they are the chosen victims of such weapons. We are doing several things to meet this situation:

a. *Compensation.* Embassy Tokyo feels this is the most important specific issue to dispose of. We have publicly announced we would compensate the injured fishermen and we have suggested to the Japanese Government the sum of $150,000. Any agreed figure would probably require Congressional appropriation. There are several difficulties: we have not been permitted to examine the fishermen; the Japanese will probably claim heavy damages of an indirect type such as for fish thrown away and lost profits. We feel we should be prepared to raise our initial figure, perhaps to $300,000, to avoid legalistic haggling and gain rapid agreement. We should then pay promptly.

b. *Exchange of Information.* With the cooperation of AEC we have transmitted to the Japanese scientific information on radioactivity. In conjunction with AEC we have several exchange projects in process. We feel that in the long run scientific interchange is the best remedy for Japanese emotion and ignorance and we intend to push such projects.

c. *Yoshida Visit.* We expect to inform Yoshida again of our regret over the March 1 incident and our desire to assist, and to give these statements wide publicity. We also plan to tell Yoshida we had hoped for more effective cooperation by subordinate Japanese officials, for more effective public information activities by the Japanese Government, and for better security measures. We think these improvements are likely in time and will go far to combat neutralism and apathy in Japan.

4. Effective defense of Japan will be very difficult until the Japanese assume a fair load themselves and until they understand their stake in the struggle against Communist tyranny. We are trying to prod them into doing more and are giving them very substantial military assistance. The most important thing that we can do to help is to treat Japan as a full, free-world partner and bring her as much as possible into our own and free world counsels. This is essential if we are to count upon the use of Japanese bases and other cooperation in any future conflict. We recommend regular high-level consultations with the Japanese on politico-military problems.

5. Japan's economic problem is becoming increasingly serious. Things we should do to help solve it include:

a) Multilateral tariff negotiations to bring Japan into GATT.
b) Long-range plans for assistance to Japanese defense industries as a concomitant to military assistance.
c) Assistance to underdeveloped countries which will lay foundations for higher levels of trade for Japan and other countries.

ROBERT MURPHY

No. 764

794.5/6-254

The Chargé in Japan (Parsons) to the Ambassador to Japan (Allison) [1]

SECRET TOKYO, June 2, 1954.

DEAR JOHN: At today's meeting of the Consultative Group, General Magruder [2] expressed his personal view that the present situation in Washington with respect to defense appropriations and defense production make our policy of promoting the re-establishment of Japan's defense industries out of date. It was my impression that General Magruder was speaking on the basis of his background in the Pentagon, which he left some eight months ago, rather than on instructions from the Defense Department.

General Magruder pointed out that the policy to develop the Japanese mobilization base was originally formulated in the expectation of imminent war with Russia and as a result of the then inadequacy of the U.S. mobilization base. While the policy is still on the books, developments over the past few years make it no longer valid. In the first place, the U.S. mobilization potential has been greatly increased and there is no longer any urgency about developing defense facilities outside the U.S. Furthermore, with the present cut-backs in American defense production, there is no justification now for expending funds to promote a defense production base in Japan. General Magruder pointed to one other factor which, in his view, argued against the likelihood of an effective program to promote development of Japanese defense production. The U.S. program for promoting Japanese defense production was based on a 10-division force, for which the U.S. would place in Japan the initial orders for much of the original equipment with the thought that the Japanese would then take over the procure-

[1] Ambassador Allison was in Washington for consultation June 2–18.
[2] Lt. Gen. Carter B. Magruder, USA, Chief of Staff, Far East Command.

ment of equipment from the Japanese plants. However, the Japanese were unwilling to build up the defense forces to such levels and to make any large appropriations for material and equipment for their forces. Therefore, the only way to stimulate Japanese defense production would be through placement of U.S. orders for end items. Defense appropriations projected for U.S. fiscal year 1955 do not envisage any such large-scale procurement in Japan, and, in the present mood of Congress, it would be virtually impossible to justify further appropriations to stimulate Japanese defense production unless the Japanese show they are willing to build up their forces and expend far larger sums for defense.

In sum, General Magruder confirms the Embassy's impression that the prospective volume of U.S. contract awards in Japan will not be sufficient to permit an appreciable development of Japan's mobilization base. He said that the military would continue to explore every possibility for offshore procurement here and that FEC had recently addressed letters to the three services along this line. Nevertheless, he feels, as we do, that special dollar receipts will continue to decline and that Japan for balance of payments purposes can not rely on any upturn in such receipts in the absence of large-scale hostilities in which the U.S. is involved.

I thought General Magruder's remarks worth passing to you at once in view of the several points that were novel, if depressing, to all of us. I'm afraid he is correct in his judgment.

Sincerely yours,

JEFF

No. 765

211.9441/5-2954

Memorandum by the Acting Assistant Secretary of State for Far Eastern Affairs (Drumright) to the Secretary of State

CONFIDENTIAL [WASHINGTON,] June 3, 1954.

Subject: Compensation for Japanese Injured in Bikini Incident.

1. Informal negotiations have begun in Tokyo for settlement of Japanese claims arising from the recent United States nuclear test series in the Pacific. With the Department's approval the Embassy tentatively proposed to the Foreign Office a settlement of $150,000.

2. The Foreign Office has now informally replied that the United States figure is too low and has estimated total damage to Japan at slightly over 7 million dollars. Of this total about $800,000 would be for direct damage and the remainder would be for loss of profits,

depressed prices, and governmental expenditures. Attached at Tab A is Tokyo's 2954 [1] summarizing the Foreign Office position.

3. Ambassador Allison considers the problem as primarily political and not legal. He has discussed the problem with Foreign Minister Okazaki and recommends that he be authorized to negotiate for settlement at a figure between $500,000 and one million dollars. The Ambassador considers that *ex gratia* payment of about $800,000 (300 million yen) should not be ruled out and that even if negotiations should be conducted on a legal basis this is the figure the Japanese Government would probably maintain with considerable rigidity. Attached at Tab B is Tokyo's 2960 [2] summarizing the Embassy's recommendation and stating that Ambassador Allison will wish to discuss this matter with the Secretary. [3]

4. FE considers that under the circumstances described by Embassy Tokyo and in view of the importance of this matter in United States–Japan relations, compensation settlement of as much as one million dollars would not be unreasonable.

5. A and H are of the opinion this problem should be informally discussed with appropriate members of both appropriations committees and both foreign affairs committees of the Congress in order to explain the situation and obtain their understanding.

Recommendation

FE recommends that Ambassador Allison and Assistant Secretary Morton meet with appropriate members of the Congress to discuss the problem of compensation to Japan and to obtain necessary congressional understanding in support of a lump-sum settlement not to exceed one million dollars. Upon the basis of this understanding further negotiations could then be carried on in Tokyo. [4]

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[1] Dated May 29, not printed. (211.9441/5–2954)

[2] Dated May 31, not printed. (211.9441/5–3154)

[3] No record of discussion of this subject between Ambassador Allison and the Secretary during the time the Ambassador was in Washington has been found in Department of State files.

[4] A handwritten marginal note reads: "Seen and approved, June 3. John M. Allison".

The approval line of this memorandum is initialed by Dulles.

No. 766

033.9411/6-554: Telegram

The Chargé in Japan (Parsons) to the Department of State

CONFIDENTIAL NIACT TOKYO, June 5, 1954—1 p.m.

3022. Okumura sent for me at noon today to say that the Prime Minister's trip had been postponed indefinitely. [1] He said that the political situation while not at all alarming required him to stay here until Parliamentary Government had been established on a firm basis. Mr. Yoshida felt that at all costs a repetition of the disturbances of two nights ago must be avoided. If at some time in the future the Prime Minister should decide to make the trip, he would be sure to give us ample notice of his intentions. Mr. Okumura then offered the sincere apologies of his government for any difficulties caused in Washington and expressed regret that Ambassador Allison had been so inconvenienced. I told Okumura I was sure my government would share regret felt here and would greatly appreciate apologies. I thought that there might well be feeling of relief in Washington at indefinite postponement as it might have been most difficult to make revised plans for later this month. Okumura said Prime Minister was meeting with Liberal Party leaders this morning preparatory to moving ten-day extension of Diet session later today. Chief Cabinet Secretary Fukunaga [2] would announce indefinite postponement shortly so Washington could take whatever action necessary to cancel Prime Minister's engagements.

Depth of chagrin and embarrassment here likely reach proportions difficult for us to imagine even in light of Okumura's prompt and sincerely expressed apologies. Diet riot and fiasco over trip has caused national loss of face before whole world and will shake people's confidence. Accordingly, if any statement is planned in Washington, believe it would be helpful to include language stressing

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[1] The memorandum of the Secretary's telephone conversation with Allison on the morning of June 4 reads:

"The Sec. asked re the Yoshida trip. A. said he didn't know. He telephoned and the last cable said Y. hoped to get off Sunday. We won't know until tonight or tomorrow. The Sec. asked what was behind it. A. said the Socialists are being difficult about the police revision bill and are making it hard for him to get abroad because of general nastiness. Sunday is actually unlikely, and the whole trip may have to be cancelled. Y. may dissolve the Diet and then there would be a new election, but they don't want that because they are afraid the Socialists may come in." (Memorandum prepared by Phyllis D. Bernau, secretary to Dulles, Eisenhower Library, Dulles papers, "Telephone Conversations")

The "last cable" is telegram 3021 from Tokyo, sent June 5, received in Washington early in the morning of June 4, not printed. (033.9411/6-554)

[2] Kenji Fukunaga.

our friendship and interest in well-being Japanese people. Should, of course, avoid anything which could be interpreted here as American intervention on Yoshida's behalf.

Since dictated foregoing, radio flash has reported Fukunaga's announcement.

PARSONS

No. 767

694.0026/5–2154

Memorandum by the Deputy Director of the Office of Northeast Asian Affairs (McClurkin) to the Ambassador to Japan (Allison)

CONFIDENTIAL [WASHINGTON,] June 7, 1954.

Subject: Japanese War Criminals

NA fully concurs in your recommendation set forth in Tokyo's 2876 [1] that a large bloc of Japanese war criminals be immediately released. Only those who committed the most heinous crimes would be left in Sugamo. This, of course, applies only to the 293 war criminals convicted by United States courts.

The rest of the Department opposes amnesty for Japanese war criminals for the reasons set forth by L in your meeting of February 16, 1954 [2] with Mr. Robertson, L and EUR.

Expediting release of war criminals is not anticipated by the Parole and Clemency Board because of the serious nature of the crimes committed by the 293 war criminals convicted by the United States. 145 of these have life sentences and 30 have sentences of over 30 years. The fact that the President recently disapproved 4 recommendations by the Board for parole reflects his strong feelings and acts as a deterrent to more rapid action by the Board. The Board is, however, considering a change in its rules whereby all prisoners would be eligible for parole after serving 10 years. This would mean that most of the war criminals would be eligible for release in 1955–56 rather than some years later as would now appear to be the case. HICOG's views regarding this

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[1] Dated May 21. In reporting on a renewed request by the Japanese Foreign Ministry for an accelerated release of Class B and C war criminals, the Ambassador had in part commented: "In wake of *Fukuryu Maru* incident and with Japanese attitude hardening perceptibly on a number of fronts, failure to attack this problem effectively is bound to cause our broader interests here to suffer increasingly. Yoshida visit may offer us last opportunity to derive benefit from a US offered solution of war criminal problem and at same time to deprive Japanese of issue which they can exploit when it suits their purpose." (694.0026/5–2154)

[2] For Dunning's memorandum of this conversation, see Document 735.

change in rules is now being sought. To cut through this morass of legal and technical problems I think an approach based on overriding political considerations is required.

1. The continued incarceration of a large number of Japanese war criminals is hardly consistent with United States policies of dealing with Japan as a sovereign and responsible ally and constitutes a continuing source of friction between this government and Japan.

2. This issue creates a psychological resistance among the Japanese to full cooperation with the United States on defense measures and other questions. It is a major obstacle to Japanese rearmament.

3. While a number of problems involving Japan are beyond resolution by the United States alone, i.e., Japanese-Korean relations, Japanese relations with Southeast Asia etc., this question is one on which the United States can take constructive action without cost to the United States.

4. The grant of amnesty by the Philippines and China places the United States and other "white powers" in an embarrassing and anomalous position.

5. The Japanese do not understand western concepts of law. They consider the Communists equally guilty of war crimes, but see these persons go unpunished while Japanese war criminals remain incarcerated.

Recommendation:

I recommend that you stress the above considerations to the appropriate officials and that you propose:

1. Immediate release of Japanese war criminals not necessarily on the basis of amnesty, excluding perhaps a few guilty of the most heinous crimes.

2. In the alternative, expeditious release by shortening the period for eligibility for parole perhaps to 8 or 9 years, of most of the war criminals. This could enable substantial numbers to be released in 1954 and 1955. I think that by the end of 1955 all but a very few should be released. [3]

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[3] No record of any representations in the matter made by Ambassador Allison during his June visit to Washington has been found in Department of State files.

No. 768

794.00/6–1754

Memorandum of Conversation, by the Economic Counselor of the Embassy in Japan (Waring) [1]

SECRET [TOKYO,] June 16, 1954.

Participants: Messrs. Hayato Ikeda, Minister of Finance, and Kiichi Miyazawa, Member of House of Councillors and
Messrs. Frank A. Waring, Economic Counselor, and W. W. Diehl, Treasury Attaché

Political Crisis

Mr. Ikeda [2] stated that he had just come from a long conference with the Prime Minister, who was determined to remain in power even if it became necessary to sacrifice a coalition of all Liberal forces. Ikeda said he had gone to the Prime Minister determined to recommend his retirement, but found him so adamant and confident regarding the retention of power that he dared not broach the subject. He remarked, "If a man of 74, 20 years my senior, has the will to fight and is confident of victory, I could scarcely advise him to surrender." Although the remark was made as a commonplace observation, it reveals the Japanese respect for age and the degree to which the country is subject to seniority rule.

Mr. Ikeda next commented that he would have to leave the luncheon to attend a meeting of the Conservative forces at 2:00 P.M. The conferees, he explained, had already agreed on a platform. The current meeting would determine the voting procedure by which the President of the new Conservative Party (which it is hoped will be constituted) will be selected. The forces opposed to Mr. Yoshida advocated a ballot in which each member of the party would record his first, second, and third choice; the candidate receiving the largest total number of votes would be designated President. The Yoshida forces favored a single ballot, in the belief that Yoshida would be able to capture a majority of the total vote. The opposition were of the opinion that under their plan Mr. Hatoyama would be the successful candidate; in fact, Mr. Ikeda stated as gen-

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[1] This memorandum is the enclosure to a covering note from Waring to McClurkin dated June 17. A portion reads: "We in the Embassy are digesting the information it contains, and you may recognize portions of it in future telegrams attempting to interpret the political scene." (794.00/6–1754) Several undated commentaries, which apparently originated in Washington, are attached to the source text. They are not printed.

[2] Hayato Ikeda held the post of Finance Minister from February 1949 to October 1952.

eral knowledge that Oasa, political advisor to Shigemitsu, had conferred yesterday with Hatoyama and had agreed on a slate of Hatoyama for President and Shigemitsu for Vice-President. Ikeda estimated that among the Conservative forces in the Diet, ⅓ favored Yoshida, ⅓ Hatoyama and Shigemitsu, and ⅓ were undetermined. From this latter group, the Yoshida forces hoped to obtain sufficient votes to give their candidate a majority. [3]

It is Mr. Yoshida's desire to unite the Conservative forces in the Diet under his leadership, if that is possible. Should he be unable to accomplish this objective, then he would attempt to attract as many Progressives as would join a revised Liberal Party under his leadership, in the hope of obtaining a firm majority in the Diet. Once this is accomplished, he would feel free to embark upon his delayed world tour, possibly in August. Ikeda remarked that, under such circumstances, he would accompany the Prime Minister, explaining that all of his personal and party transactions had been audited and that as a result he had been completely cleared by the procurator of recent charges. When the Prime Minister returned from his trip, with an anticipated enhancement of prestige, he believed it might be a strategic time to dissolve the Diet and go to the country in an election, with the objective of obtaining an even more solid Conservative base. With this accomplished, he could then, after a brief rule, retire as an elder statesman, feeling that he had made the maximum possible effort toward the constitution of democracy in Japan on a firm foundation.

Foreign Investment and Economic Aid for Japan

Ikeda commented that he had found the Prime Minister severely troubled by the grave economic problems that faced Japan. Yoshida was worried regarding the policy of deflation now being pursued and its ultimate effect upon business and employment. Ikeda advised the Prime Minister that the policy, even though painful, must be pursued; that, while business failures and unemployment might result temporarily, it was essential to check the inflationary forces in the Japanese economy and to bring about an improvement in the competitive position of Japanese goods in world markets, as well as the position of the yen in world trade. He also remarked that the Prime Minister could not expect to receive a sympathetic hearing abroad unless he was pursuing a rigorous fiscal and credit policy at home. In response to a statement that one basic need of Japan appeared to be increased efficiency in production and a reduction in costs, Ikeda replied that modernization in industrial plant would require capital and that this would necessi-

[3] A single Conservative Party was not formed at this time.

tate the imposition of credit controls, which he favored and which might be possible if the Yoshida forces obtained a Diet majority.

Ikeda was told that foreign investment, if encouraged, could make a distinct contribution to the strengthening of the Japanese economy and would accelerate the introduction of new industrial plant and modern techniques of both production and management. He replied that he had long favored the introduction of foreign capital; in fact, he had been invited to accompany the Prime Minister on his ill-fated world tour in June, but had refused, stating that he could not visit the United States because he had been unable to keep his promise to liberalize the provisions for the entry of foreign capital. The new and strengthened Conservative forces under Yoshida would, if they materialize, enact appropriate legislation. Ikeda himself proposed a merger of the foreign exchange control law and the foreign investment law with a view to liberalizing the provisions of both.

Mr. Ikeda went on to say that in his conference with the Prime Minister the latter asked how he could most effectively broach the subject of loans in the United States. Ikeda advised against raising the subject, arguing that it was premature until Japan had taken appropriate steps on its own behalf. He urged instead that the Prime Minister should seek to obtain from the United States assurances of continued interest and support in this period of Japan's economic tribulation. He added that the Prime Minister might seek to obtain a commitment from the United States to extend, should it prove necessary, a line of credit for the purpose of a currency stabilization. This, he argued, would restore confidence in the integrity of the yen, check irresponsible rumors of devaluation, and enhance Japan's trading position.

Leader-Follower Relationship

In discussing the desire of the Japanese for basic assurances from the United States, Ikeda smiled and said, "You realize that Japan has been a modern state for less than 100 years. It has been traditional in Japanese life for the people to look for guidance, assistance, and support to some wealthy, influential patron. The United States could exploit this attitude to our mutual advantage." He went on to explain that assumption of the role of protector and advisor need not be costly. What the Japanese so desperately desire is the assurance of someone strong enough to make it meaningful. As a nation they seek the security which such assurance would afford, just as individuals covet the support of an employer, a political mentor, or a wealthy friend. Ikeda observed that perhaps the United States was making a mistake to treat Japan as a sovereign nation equal in strength and importance to itself. Perhaps, he said,

it would be better if the relationship were that of a teacher to his student. We commented that before the war the Japanese had had the advantage of the British alliance and that this had been the focal point for many years in determining their foreign policy. With that relationship no longer in force, Japan was at sea without a rudder and felt the urgent need of a substitute. In a rare burst of confidence, he observed that the Oriental mind, philosophy, and attitude differed from those of the west. He said the Oriental is patient; if something cannot be accomplished immediately, perhaps it can in a hundred years, whereas the American seeks action this minute, this hour, or this day. He characterized Secretary Dulles as an example of a typical American mind. Ikeda went on to say, with a wry expression, that perhaps the British were wiser and more skillful, even though often more insolent and insulting, and observed that the United States appeared frequently to have been used by the British to support their policies and to accept the disapprobation therefrom.

It was obvious that Ikeda was pleading for the understanding of the United States and the continuation (with appropriate modifications) of the role of Shogun so admirably filled during the years of occupation. He probably spoke for a majority of the Japanese who would like to feel the comforting security of the strength of the United States acting in the role of patron and mentor. The traditional need of Japan for such a sponsor offers the United States a unique opportunity.

No. 769

694.0026/6-1754

Memorandum by Alice L. Dunning of the Office of Northeast Asian Affairs to the Deputy Director of That Office (McClurkin) [1]

CONFIDENTIAL [WASHINGTON,] June 17, 1954.

Subject: Japanese War Criminals

For your information General Snow dropped in on June 16 to discuss informally NA's memorandum [2] proposing that Japanese war

[1] Routed through Finn.

[2] Memorandum from McClurkin to General Snow dated June 14. In it McClurkin had reviewed the arguments for an accelerated release of war criminals and concluded: "I, therefore, suggest that you consider discussing with the [Parole and Clemency] Board the development of a procedure whereby (1) all prisoners would become eligible for parole after serving 9 years and (2) all cases will be reviewed by the end of 1955 and recommendations made to the President with respect to all but the most heinous cases." (694.0026/6-1454)

criminals be eligible for parole after serving 9 years and that all cases be reviewed and recommendations made to the President by the end of 1955 leaving only a hard core incarcerated.

The General indicated that he did not believe the Board would accept the 9 year proposal but would recommend to the President that eligibility for parole be set at 10 years in view of the fact that a round figure of 10 had some relationship to federal procedures while nine had nothing but political considerations to justify it. I indicated that it was my hope that the Board would see fit to accept the 9 year figure. He pointed out this would make no major difference in that the Board by the end of 1955 would have reviewed all the cases and have made recommendations to the President in all instances except those involving the most heinous crimes. If it appeared desirable to parole a person even though he was not eligible automatically for parole, the Board could always exercise clemency and reduce the sentence so as to make the person eligible. He had no idea what number would constitute the final hard core. Mr. Finn suggested a two digit figure might look good. I ventured to guess that 25 might be justified.

The General went on to say that the Army and Navy JAG's would complete their review of the cases by the end of 1954. In reply to a question from Mr. Finn, the General indicated that the Department did not review the cases because neither the files nor the personnel were available. Later he pointed out to me that the Embassy acted for the Department in reviewing the cases. The General also pointed out that he performed the role of "advocator" of clemency and parole in opposition to the more conservative views of the Defense and Justice members. He noted that the Board maintained careful records of the cases as considered in order to justify its and the President's decisions if ever their actions were challenged.

Mr. Finn thinks that in view of the curtain of legality surrounding all actions on war criminals, continuing informal consultations with General Snow may be the most effective way for NA to make its views known. This would of course be secondary to positive recommendations from the Embassy.

No. 770

794.5 MSP/6-1754: Telegram

The Secretary of State to the Embassy in Japan [1]

CONFIDENTIAL WASHINGTON, June 17, 1954—7:49 p.m.

2808. Limit distribution. Parsons only from Allison. Had hour talk with Stassen yesterday morning re FOA Mission Tokyo. Talk preceded by one with Secretary in which he indicated belief economic situation Japan so critical and so important that U.S. must have best possible talents available and that every possibility of help should be explored.

During discussion Stassen pointed out FOA has tools State does not possess and that possibility of their use had not been thoroughly considered. He also maintained that FOA Mission Tokyo would enable us get better and quicker action in Washington on such matters as OSP, defense production base (your letter June 2) etc. My position was that our desire was only to do right thing in right way and that I was not yet convinced (1) that time was ripe for setting up FOA mission with Minister in charge or (2) that job to be done now was one which could not be done with present Embassy staff with some augmentation from FOA. In any case I made clear that I could not agree to assignment of an FOA Minister to Tokyo until and unless my Deputy had equivalent rank.

However we cannot be placed in position of merely negative obstructionism. I therefore suggested that Clarence Meyer (whom FOA wish to appoint as Mission Chief Tokyo) be detailed to make detailed survey in cooperation with Embassy with view to submitting recommendations in not more than three months as to what can and should be done by US to aid Japan economically and what type if any FOA mission is required.

I have long acquaintance with and highest regard for Meyer and believe this is best solution at this time for our problem. Baldwin [2] and NA agree. Stassen spoke in high terms of Waring and expressed strong hope he would be able work with Meyer on survey and if FOA mission should be decided on that Waring would accept Deputy's position. I expressed doubts that he could be persuaded but said I had no objection Stassen trying. I think we do not yet need to cross that bridge but I wish you would discuss whole matter frankly with Waring and personally show him this message. If possible for him to delay his departure six to eight weeks to assist in survey it would be most helpful. (I realize how difficult

[1] Dictated by Ambassador Allison.

[2] Charles F. Baldwin, Economic Coordinator in the Bureau of Far Eastern Affairs.

this will be.) Stassen offered this morning to send Waring to London, Paris and Spain at FOA expense if it would help in showing Waring how FOA missions operate and perhaps persuade him of importance and possibilities of Deputy position. Needless to say whatever results of survey I should be most reluctant lose Waring's extremely valuable and efficient services.

I understand Meyer would be available for survey almost immediately. I shall wish discuss whole matter immediately on my return.

DULLES

No. 771

Editorial Note

In Minnich's "Supplementary Notes" on the Legislative Leadership Meeting held June 21, the section concerning Japan reads:

"*Japan*—The President took note of the different groups on the Hill which preached either 'no trade with Red China' or 'no war in Southeast Asia' or 'no further liberalization of trade' or even 'no trade with Japan.' It was his own feeling, however, that if we didn't do a little of some of these, we would *lose* Japan. Should Japan go communist (in fact or in sympathy) the U.S. would be out of the Pacific, and it would become a communist lake.

"The President thought something had to be done for Japan through the Mutual Security program, or trade or otherwise; the U.S. just couldn't let the situation be dominated by the irresponsible groups that are shouting on the Hill. We've got to steer a clear and steady course, he said, with at least a modicum of sense in it." (Eisenhower Library, Staff Secretary's Records)

No. 772

Editorial Note

The memorandum of a telephone call received by Dulles from the President early in the evening of June 22 reads: "The Pres. said he has to talk with editors this evening and wondered about giving them something to clarify their minds re the Western Pacific. He mentioned Japan with 85 million people, the importance of trade, the importance of SEA etc. to keep them in our orbit. He had talked about Japan before some Congressmen. The Sec. said it sounded all right to him." (Memorandum prepared by Phyllis D. Bernau, Eisenhower Library, Dulles papers, "Telephone Conversations")

In his remarks later that evening before the National Editorial Association the President outlined the problems faced by the United States in determining the extent of its foreign aid, the degree to which it was prepared to allow or agree to its allies' trade with Communist states, the degree to which it would become involved in Southeast Asia, and the amount of trade it should itself engage in with countries with lower labor and living standards. He continued:

"Well now, my friends, I want to take a situation in the world that focuses all of these considerations and these facts upon one particular problem that we have to solve. Over in the western Pacific, the key to its defense is Japan. Japan comprises 85 million people—industrious, hardworking, inventive. Actually, the power that they developed against us in World War II was such as to be frightening when we saw what they could do alone. Consequently, it becomes absolutely mandatory to us, and to our safety, that the Japanese nation does not fall under the domination of the Iron Curtain countries, or specifically the Kremlin. If the Kremlin controls them, all of that great war-making capacity would be turned against the free world. All of the soldiers, all of the armies, all of the air force, they could use. Japan would be given the task of producing all the great navies that they need. And the Pacific would become a Communist lake.

"Now, my friends, what is Japan? Eighty-five million people, living on an area no larger than California. Now we of course admit that California is a very wonderful and prosperous place, but as yet there are not 85 million people there. And even if there were, they would have access to all the markets of the United States on a free basis.

"Japan cannot live, and Japan cannot remain in the free world unless something is done to allow her to make a living.

"Now, if we will not give her any money, if we will not trade with her, if we will not allow her to trade with the Reds, if we will not try to defend in any way the southeast Asian area where she has a partial trade opportunity, what is to happen to Japan?

"It is going to the Communists.

"Now, no one of these programs pursued alone could possibly help Japan; and any one of them pursued to an extreme would ruin us."

For the full text of his address, see *Public Papers of the Presidents of the United States: Dwight D. Eisenhower, 1954* (Washington, Government Printing Office, 1960), pages 585–590.

No. 773

694.0026/6–2254

Memorandum by Alice L. Dunning of the Office of Northeast Asian Affairs to the Deputy Director of That Office (McClurkin) [1]

CONFIDENTIAL [WASHINGTON,] June 22, 1954.

Subject: Japanese War Criminals

General Snow informed me that with respect to the NA memorandum, the Clemency and Parole Board decided on June 21 to recommend to the President that Japanese war criminals become eligible for parole after serving 10 (repeat 10) years. [2]

Under this procedure

34 prisoners will become eligible for parole in 1954
76 prisoners will become eligible for parole in 1955
70 prisoners will become eligible for parole in 1956
42 prisoners will become eligible for parole in 1957
26 prisoners will become eligible for parole in 1958
1 prisoner will become eligible for parole in 1959

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249

This figure does not include 11 cases which the Board has favorably recommended to the President, 17 cases which the Board has acted on but has not approved and 15 cases with respect to which the Japanese Government has not to date submitted recommendations.

The nine year rule would have made the persons set forth in the table above eligible for parole a year earlier. General Snow points out that 41 of the 70 to become eligible in 1956 become eligible within the first four months of that year.

The General also informed me that the Board on June 21, acted favorably on seven cases. 11 of the Board's recommendations are now before the President, several for sometime, but action has not been taken by the President. Four of these cases are lifers which involved a reduction of sentence in order to make the prisoner eligible for parole.

The General indicated that the Board has accepted NA's recommendation to review all cases before the end of 1955. The Board will continue to recommend reductions in sentence so far as possible in order to bring the cases down to the hard core by the end of 1955. In this way recommendations would be transmitted to the

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[1] Routed through Finn.

[2] The action was without reference to the various classes ("A", "B", and "C") of war criminals.

President by the end of 1955 with respect to all prisoners except the hard core. General Snow indicates that it is impossible at this time to predict what number will actually constitute the hard core. [3]

[3] In a memorandum to Geoffrey W. Lewis, Deputy Director of the Office of German Affairs, dated July 21, General Snow stated that the President had approved the recommendation of the Clemency and Parole Board on July 12. (694.0026/7-2154)

No. 774

894.245/7-254

Memorandum by the Director of the Foreign Operations Administration (Stassen) to the President

CONFIDENTIAL WASHINGTON, June 29, 1954.

Subject: Special Compensatory Relief and Rehabilitation Assistance for Japan

On March 1 a small Japanese fishing vessel with a crew of 23 received a deposit of radioactive ash several hours after the crew had observed the tremendous flash and explosion resulting from a nuclear test conducted by the United States at Bikini. After several days, some of the members of the crew began to suffer from skin burns and were found upon arrival in Japan to have been injured as a result of the nuclear test. The United States has indicated to the Japanese Government its willingness to provide compensation, without admission of any liability, for this and other damage resulting from the Bikini incident. The State Department has been conducting informal negotiations with the Japanese Foreign Office. Japan has estimated total direct personal and property damage to be about $800,000, with an additional $6,000,000 of indirect damage resulting from loss of profits by the fishing industry, depressed prices, and governmental expenditures. Under the circumstances described by the American Embassy in Tokyo, and in view of the great importance of this matter in United States–Japan relations, and in view of its corresponding importance to the security of the United States, the Department of State has concluded that a final compensation settlement of $750,000 to as much as $1,000,000 would not be unreasonable.

The Operations Coordinating Board has considered this problem at length, and has concluded that the promptest and most desirable method of compensating the Japanese nationals injured in the Bikini incident would be through the furnishing of not more than

$1,000,000 worth of relief and rehabilitation assistance under the terms of Section 513 (b) of the Mutual Security Act of 1951, as amended.

Accordingly, it is recommended that the President determine, pursuant to Section 513 (b), (1) that up to $1,000,000 of the funds available under the Mutual Security Act may be used for the purpose of furnishing special assistance to Japan for the compensatory relief and rehabilitation of Japanese nationals who sustained personal and property damage as a result of the recent nuclear test in the Marshall Islands, without regard to the requirements of the Mutual Security Act or any other Act for which funds are authorized by that Act, and (2) that the use of these funds is important to the security of the United States. In the event that you make this determination, it is contemplated that the funds to be used for this purpose will be drawn from the funds appropriated by the Mutual Security Appropriation Act, 1954, for assistance authorized by Section 540 of the Mutual Security Act of 1951 for the purpose of Section 101 (a) (1).

This recommendation has the concurrence of the Secretary of State, the Secretary of Defense, and the Director of the Bureau of the Budget. The Attorney General [1] has been afforded an opportunity to comment, and interposes no objection to the use of this procedure to compensate the Japanese. [2]

HAROLD E. STASSEN

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[1] Herbert Brownell.

[2] On June 29 the President signed a memorandum in which he made both the determinations recommended above.

In a memorandum dated July 2, Drumright informed the Secretary of the President's decision and asked that the Embassy in Tokyo be authorized to conclude an Executive Agreement with Japan in settlement of Japan's claims for compensation. "The United States position on the amount of compensation will be finalized during the discussions between the Ambassador and the Foreign Minister." The approval line of the source text is initialed by the Secretary. (President's memorandum is enclosure to Drumright's memorandum, 894.245/7-254)

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No. 775

Tokyo Post files, 500 Japan

The Ambassador in Japan (Allison) to Vice President Nixon [1]

CONFIDENTIAL TOKYO, July 8, 1954.

MY DEAR MR. VICE PRESIDENT: Because you were called to the Senate floor, [2] you will remember that we were unable to finish our conversation regarding Japan and its economic problems. It has occurred to me, therefore, that you might be interested in some observations which time did not permit me to make when we last met.

Japan's economic plight is indeed most serious, owing in part to its own actions (or failure to act) and in part to forces, both domestic and international, beyond its control. In recent years the balance-of-payments position of Japan has steadily deteriorated from a surplus, adding $331 million to its foreign exchange reserves in 1951, to an estimated deficit (based on returns for 5 months) of $452 million in 1954. Obviously this situation cannot long continue. Japan is at fault because it has not adopted those measures of austerity which the United Kingdom, West Germany, and the Netherlands found necessary to rebuild and strengthen their economies. And the free world is also at fault because it has not recognized the magnitude of the problem and offered Japan admittance into the society of free nations on terms of equality.

You are fully aware, I realize, of the importance of preventing Japan from slipping behind the "bamboo curtain," of keeping it enrolled in the cause of the free world. To assure this result, however, there must be a cooperative effort by Japan, the United States, and the other free nations. The United States cannot provide the solution alone. The deterioration in Japan's economic position has occurred despite special dollar receipts (expenditures for goods and services) which averaged annually $750 million in 1951–53 and may equal $600 million in 1954. In fact these expenditures have been utilized to raise the level of living in Japan to a height (slightly above the prewar level) which unassisted it cannot afford to maintain.

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[1] Enclosed with a covering note from Ambassador Allison to McClurkin, requesting that the letter be forwarded to the Vice President. The central file copy of the covering note bears several marginalia by officers of NA indicating an intention to forward the letter to Nixon, perhaps with a commentary; however, no definite record of action on the matter has been found in Department of State files. (894.00/7-854)

[2] An undated appointment record indicates that Ambassador Allison met with the Vice President on June 17. (123 Allison, John)

Although I strongly believe that the United States must assist Japan to develop a self-supporting economy, the primary effort must come from Japan itself. Until that country is prepared to make such an effort, assistance from the United States, in whatever amount, will fail to accomplish its objective. Instead it will merely postpone the inevitable readjustment which will gain in severity by the delay.

I am most anxious that the United States should avoid assuming the obligation of underwriting the stability of Japanese economy. Consequently, I believe that we should make it crystal clear to the Japanese, in a firm but friendly fashion, that assistance from the United States is contingent upon Japanese efforts to adopt and adhere to a program of austerity designed to maximize self help. Such a program should probably include sound fiscal and credit policies, restriction of imports, stimulation of exports, allocation of imported raw materials, land reclamation, expansion of power facilities, modernization of industrial plant, and encouragement of foreign investment.

With such a program in force, the United States could then offer assistance to expedite the necessary development, confident in the knowledge that its efforts would bear fruit which thus far has failed to materialize. If Japan is willing to help itself, the United States could offer to maximize procurement in Japan, thus providing dollars and strengthening Japan's industrial base. It could also continue its present endeavor to secure for Japan most-favored-nation treatment and improved export opportunities through multilateral negotiations with the contracting parties in the General Agreement on Tariffs and Trade (GATT). Two other measures occur to me which would provide assistance at minimum cost to the United States. Concerning these I would appreciate your personal opinion as well as your estimate of the probable reaction of the Congress.

As you know, we have proposed that Japan liquidate its GARIOA obligation to the United States on a basis comparable to the settlement made with Germany. In the case of Japan this would amount to approximately $700 million, or 37.5 percent of its total obligation, with interest at 2.5 percent, and principal payments, after a 5-year moratorium, in 60 semi-annual payments. Many Japanese labor under the false impression that postwar assistance from the United States was a gift; hence they see no necessity for repayment. This makes the assumption of the obligation a difficult political task for the Japanese Government. Moreover, with their deteriorating balance-of-payments position, they hesitate to assume this additional foreign exchange burden despite the liberal terms of the proposal. Japan today is in need of capital for urgent economic

projects to reclaim land, expand power facilities, and modernize industrial plant—capital in excess of that which it can provide in order that these essential tasks may be undertaken and completed within the limited time remaining.

Accordingly, I would propose that Japan be asked to pay this entire obligation ($700 million) in 7 annual installments in terms of yen. Each year this payment (equivalent to $100 million in yen) would be loaned to the Government of Japan for the purpose of developing land, power, and industrial plant. After a 7-year moratorium, principal payments in dollars would be made in 50 semiannual installments. Interest would be at 2.5 percent from the date of the funding of the obligation on the unpaid balance.

This proposal appears to have several distinct advantages. It would stimulate projects essential to strengthen Japan's economy and thus operate to facilitate ultimate repayment of the obligation, now far from certain. Japan would more readily accept the settlement because it would be designed to provide assistance as well as repayment. Since the yen payments would be derived from budgeted tax revenues, the loans would not be inflationary because tax payments would be returned to the economy without any net addition to purchasing power. Countries claiming reparations could not charge that the United States had extracted its "pound of flesh" to their detriment, as they will otherwise be inclined to do. The United States will lose nothing by the proposal; on the contrary, it will be encouraging projects designed to make repayment possible. The terms will not be dissimilar from those granted Germany; indeed the formula utilized to obtain the total net obligation would be the same and the debt would be paid in 32 rather than 35 years. If, in any case, the United States will find it necessary to assist Japan, why not turn this GARIOA obligation into a mutual asset rather than a mutual liability?

A second proposal to which I should like to draw your attention concerns the disposal of United States stocks of surplus agricultural products. Japan, a deficit food area, is deeply interested in the prospect of acquiring such products, particularly if it is permitted to make purchases in yen and secure a substantial portion on a grant basis. If it is assumed that the United States, to assist Japan and at the same time dispose of its agricultural surpluses, is willing to offer generous terms of sale including a substantial portion of the yen proceeds as a grant-in-aid, then I suggest a stipulation that such funds be so utilized as to provide the maximum benefit to the Japanese economy. I believe that a special advantage would be obtained if the grant portion of the yen sales were utilized to facilitate regional development in Southeast Asia by assisting Japan in the settlement of the reparations problem. The absence of such a

settlement has prevented the restoration of normal political and trade relations between Japan and the Philippines, Indonesia, Burma, and the Associated States of Indochina. Prolongation of the dispute will intensify the antagonism of the claimant states toward Japan. Part of the difficulty has been the failure to reach agreement on the amount of reparations to be paid, and a second barrier has been the requirement in the Treaty of Peace that reparations should impose no foreign exchange burden on Japan. Hence, if claimant countries desire capital goods on reparation account, they must, under the provisions of the Treaty, provide the raw materials essential to the manufacture of such goods or the equivalent in foreign exchange. This the claimant countries have been unwilling to do. Both of these difficulties might be overcome if Japan were to utilize the grant funds, which the United States would make available in any case, to augment reparation payments and eliminate the requirement that claimant countries provide the raw materials to be utilized in the manufacture of capital goods on reparation account.

A number of considerations appear to favor this proposal. The United States would be assured that its grants of surplus products had been constructively employed; moreover, by strengthening the economies of Japan and claimant countries, it would ultimately share in the mounting volume of trade arising from increased purchasing power. Japan would find it easier to dispose of the troublesome reparations problem, both because it could afford to offer a larger settlement and because claimants would be freed from the contingent liability of providing raw materials for capital goods. The claimant countries would receive a larger total sum and could order whatever capital goods their economies might require. Both Japan and the claimant countries would find trade between them expanding because of the resumption of normal political relations and the gradual expansion of purchasing power arising from the profitable employment of reparations equipment. Finally, claimant countries would obtain a share in the disposal of surplus agricultural products by the United States, which participation might otherwise be denied them inasmuch as none is a food deficit area.

I regret having written at such length. The subject, however, is of great importance to the United States and its future position in the Pacific. I am most anxious to have your views on these proposals and shall look forward to your reply with great interest.

Please accept my warm personal regards and every good wish.

Sincerely yours,

JOHN M. ALLISON

No. 776

794.5621/7-854

The Australian Ambassador (Spender) to the Secretary of State

SECRET

The Australian Ambassador presents his compliments to the Secretary of State and has the honour to refer to the proposal [1] that a United States submarine should be transferred on loan to the Japanese Government for use in anti-submarine training of Japanese naval forces. The Ambassador desires to express the Australian Government's appreciation of the Secretary's action in informing them of this proposal.

The Australian Government would have preferred it if the United States submarine had been manned by United States personnel. At the same time the Government appreciates that, for defensive purposes, Japan needs numbers of anti-submarine craft, and that for the training of these craft it is necessary to have a target submarine. The Australian Government is therefore agreeable to the above proposal.

The Australian Government hopes however that publicity on this phase of Japanese defence preparations would be kept to a minimum. It should also be pointed out that the above decision does not imply that Australia would necessarily approve provision to the Japanese of submarines for combat purposes.

WASHINGTON, 8th July 1954.

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[1] Documents in file 794.5621 for June 1954 indicate that on or about June 22 McClurkin informed representatives of Australia, New Zealand, Canada, and the United Kingdom that the United States was planning to initiate discussions with Japan concerning the loan of a training submarine to Japan for training purposes, that it would probably be 8 to 10 months before the vessel could be transferred, and that since it could be expected that the information might become public in advance, the Commonwealth powers might desire to prepare the ground so that public reaction could be minimized. In a briefing memorandum to McClurkin dated June 21, Finn stated: "We should make it plain that we intend to move ahead on the loan in any event. Only a major protest from the Australian Government should delay further consideration of this loan." (794.5621/6-2154)

No. 777

794C.0221/7–1554

The Secretary of Defense (Wilson) to the Secretary of State

TOP SECRET WASHINGTON, July 15, 1954.

DEAR MR. SECRETARY: On 21 April 1954, [1] Under Secretary of State Walter B. Smith and the then Deputy Secretary of Defense Roger M. Kyes reached agreement on all of the provisions of the proposed revised Directive for the U.S. Civil Administration of the Ryukyu Islands.

The proposed revised directive was discussed briefly at the National Security Council meeting of 17 February 1954. [2] A final decision was not reached at that meeting due to your absence because of the Berlin Conference. NSC Action No. 1047 resulting from the meeting states:

"Noted that the President would make a final decision regarding the draft directive after further discussion with the Secretary of State and Defense."

In consonance with this NSC action, there is attached a letter to the President [3] recommending that he approve the proposed revised directive and, in addition, approve General John E. Hull, USA, CINCFE, as Governor of the Ryukyu Islands. This letter also advises the President of Defense–State agreement on all provisions of the proposed revised directive; notes the provision in Paragraph A2 thereof for the submission of the name of the proposed Governor of Ryukyu Islands by the Secretaries of Defense and State to the President for his approval; [4] informs the President that under the current Joint Chiefs of Staff Directive (issued in 1950) covering the administration of the Ryukyu Islands, General Hull, CINCFE, is the Governor of the Ryukyu Islands; and notes that the proposed revised directive would supersede the current Joint Chiefs of Staff Directive. [5]

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[1] Apparent misdating. See footnote 2, Document 758.

[2] See Document 737.

[3] Not printed, but see footnote 4 below.

[4] The pertinent section of the draft letter to the President reads: "The language [in the proposed directive] remains the same as in the document referred to the National Security Council on 17 February, except for the addition, agreed to by Defense and State, of the underscored words in the following portion of Paragraph A2:

'The Chief official of the United States Civil Administration shall be a Governor, who will be *an active* member of the United States Armed Forces. His name will be submitted to the President by the Secretary of Defense and the *Secretary of State* for approval.' " Underscoring printed here as italics.

[5] Dated Oct. 4, 1950. For text, see *Foreign Relations*, 1950, vol. VI, p. 1313.

You will note that the letter to the President has been prepared for both our signatures. I would appreciate your adding your signature to that of mine and returning the letter to me for forwarding to the President.

There is attached a copy of the proposed revised directive for your retention.

Sincerely yours,

C.E. WILSON

[Attachment]

Draft Directive for United States Civil Administration of the Ryukyu Islands

CONFIDENTIAL [WASHINGTON,] April 23, 1954.

PREAMBLE

Under Article 3 of the Treaty of Peace with Japan the United States is exercising all and any powers of administration, legislation, and jurisdiction over the territory and inhabitants of Nansei Shoto south of 29° north latitude, including territorial waters, except with respect to the islands in the Amami Oshima group, the administration of which the United States has relinquished to Japan.

The remaining islands of Nansei Shoto specified in Article 3 of the Treaty of Peace with Japan over which the United States continues to exercise authority (hereinafter referred to as the Ryukyu Islands) are of critical strategic importance to the security of the free world. For this reason the United States has developed in these islands a system of military bases and other installations to serve the defense of the entire Pacific area. Pending the establishment of enduring conditions of peace and stability in the Far East, the United States will maintain the degree of control and authority now exercised with respect to the Ryukyu Islands so as to enable the United States to contribute effectively to the maintenance of security in the area.

A. U.S. CIVIL ADMINISTRATION OF THE RYUKYU ISLANDS

1. Prior to the coming into effect of the Treaty of Peace with Japan the Ryukyu Islands were administered as enemy territory under U.S. military occupation. With the effective date of the Treaty the Islands ceased to be enemy territory. However, the administrative, legislative and judicial powers over the Islands, conferred on the United States by Article 3 of the Peace Treaty have

been and will continue to be exercised by the Department of Defense. The Secretary of Defense may delegate to such Department of Defense agencies as he deems appropriate responsibility for Civil Administration in the Ryukyu Islands. The Department of State, in consultation with appropriate agencies of the Department of Defense, will in the future exercise all powers of the United States with respect to the relations of the Ryukyu Islands with foreign governments and international organizations. *

2. The responsibility for the administration of the Ryukyu Islands will henceforth be executed pursuant to this directive and such further instructions as may be issued from time to time by the Department of Defense in order to facilitate the achievement of the objectives set forth in this directive. The administration of this area by the Department of Defense will be termed the "United States Civil Administration of the Ryukyu Islands" (USCAR), hereafter called the Civil Administration. The chief official of the United States Civil Administration shall be a Governor, who will be an active member of the United States Armed Forces. His name will be submitted to the President by the Secretary of Defense and the Secretary of State for approval.

B. MISSION AND OBJECTIVES OF THE U.S. CIVIL ADMINISTRATION

1. The mission of the U.S. Civil Administration of the Ryukyu Islands is to assure that this strategic area will contribute effectively to the peace and security of the free world. The successful consummation of this mission requires the well-being of the Ryukyuan people, their achievement of political and economic stability and the maintenance of good relations with their neighbors. It is the primary responsibility of the U.S. Civil Administration of the Ryukyu Islands to foster conditions in the islands which will enable the U.S. Armed Forces to carry out their mission successfully.

2. In pursuance of this mission the basic objectives of the Civil Administration will be:

(a) To encourage and strengthen democratic tendencies in governmental, economic and social institutions of the Ryukyu Islands.

(b) To encourage the development of an effective and responsible government, based on democratic principles and supported by a sound financial structure, the administration of which considers,

* Acceptance of this sentence is contingent upon the conclusion of an understanding between the Department of Defense and the Department of State with respect to the State Department's foreign relations responsibility for the Ryukyu Islands and the means by which this responsibility is to be exercised. [Footnote in the source text.]

among other things, the cultural and educational ties between the Ryukyu Islands and Japan.

(c) To assist the Ryukyuan people in achieving a viable economy which will permit the maintenance of a standard of living reasonably comparable to that of Japan and which can ultimately be sustained by the efforts of the Ryukyuan people.

(d) To assist the Government of the Ryukyu Islands and the Ryukyuan people in achieving those standards of living, education, public health, and public safety requisite to the achievement of the objectives noted above.

C. AUTHORITY OF U.S. CIVIL ADMINISTRATION

1. The U.S. Civil Administration will govern through an indigenous Government of the Ryukyu Islands (GRI, see D. below); but the Civil Administration may, if such action is necessary for the fulfillment of its mission, veto or suspend laws or any other acts of the Government of the Ryukyu Islands or its local subdivisions; promulgate laws, ordinances or regulations; review or otherwise modify any decision, judgement, or sentence of the courts; remove officials from office. The U.S. Civil Administration may resume, in whole or in part, the exercise of full authority in the Ryukyus, if such resumption of the exercise of authority appears indispensable for security reasons. Exercise of authority conferred by this paragraph shall be promptly reported to the Secretary of Defense, who shall inform the Secretary of State.

2. In exercising the powers enumerated in the preceding paragraph the Civil Administration will preserve in all its acts to persons in the Ryukyu Islands the basic liberties enjoyed by people of democratic countries, including freedom of speech, assembly, petition, religion, and press, and security from unreasonable searches and seizures, and from deprivation of life, liberty or property without due process of law.

D. THE GOVERNMENT OF THE RYUKYU ISLANDS (GRI)

1. There will be maintained a central government, and governments at the municipal level. The central government shall be known as the Government of the Ryukyu Islands.

2. The Government of the Ryukyu Islands shall conform to the general principles of democratic self-government.

3. The legislative power of the Government of the Ryukyu Islands, except as otherwise provided herein, shall be vested in a legislative body whose members are elected by the people of the islands under procedures established by the legislative body. The legislative body shall exercise legislative powers which extend to all subjects of legislation of local application. The legislative body shall be the judge of the selection and qualification of its own members

and shall choose therefrom its officers and determine its rules and procedures. The legislative powers of the municipal governments shall be exercised by local legislative bodies elected by the inhabitants of the municipalities in accordance with procedures established by the Government of the Ryukyu Islands.

4. Executive officers of the Government of the Ryukyu Islands and of the municipal governments shall be elected either directly or by their respective legislative bodies, as determined by the legislative body in accordance with rules and procedures established by such body. The time of an election for the Chief Executive of the Government of the Ryukyu Islands shall be subject to approval by the Governor.

5. A system of courts will be maintained by the Government of the Ryukyu Islands, including civil and criminal courts and appellate tribunals. These courts shall exercise jurisdiction over all resident Ryukyuans. Their jurisdiction will be extended, at the discretion of the Civil Administration, to include any other persons in the Islands as rapidly as compatible with the capability of the Ryukyuan courts to handle such cases. Their jurisdiction will not be extended to non-Ryukyuan civilian officials and employees of the U.S. Government and their dependents, to members of the U.S. armed forces and their dependents or to any other persons subject to the "Uniform Code of Military Justice", Article 2, paragraphs (1) through (11).

6. In addition to the aforementioned courts Civil Administration tribunals will be convened to exercise civil and criminal jurisdiction over non-Ryukyuans, except those subject to Military Law or those over whom Ryukyuan courts may have been assigned jurisdiction. These tribunals may be called upon to exercise jurisdiction over Ryukyuans in specific cases of particular importance affecting the security of the U.S., its property and/or its personnel. These tribunals will function in accordance with proclamations, ordinances, and directives promulgated by the Civil Administration.

E. CODIFICATION OF RYUKYUAN LAW

The Civil Administration will advise and assist the Government of the Ryukyu Islands with respect to the enactment and effective administration of civil and criminal codes and the codification of Ryukyuan laws, ordinances and regulations. In carrying out this responsibility the Civil Administration should give recognition to the desirability of correlating the Ryukyuan legal system, including the civil and criminal codes, with the present legal system of Japan.

F. ADMINISTRATION OF ECONOMIC AFFAIRS

1. The Civil Administration will assist and encourage the Ryukyuan Government to establish and maintain a long-range economic program through the development of the resources of the Ryukyus. This program would be designed to establish an economy that will support a standard of living reasonably comparable to that of Japan. This program should include but not be limited to assistance in the development of:

(a) All suitable forms of agriculture, fishing, industry and commerce under a system of free, competitive enterprise.

(b) A sound policy for the conservation and utilization of the natural resources of the Ryukyuan Islands, with special emphasis on land reclamation and improvement and the development of scientific methods of agriculture.

(c) A long-term basis of Ryukyuan industries and natural resources with a view to reducing import requirements and increasing exports.

(d) Ryukyuan foreign trade and the encouragement of foreign investment in the Ryukyuan Islands. Recognition should be given to the fact that Japan is the foremost importer from the Ryukyuan Islands and the foremost exporter to the islands. Travel by business men between the islands and Japan should be encouraged.

(e) A stabilized financial structure based on an equitable system of taxation adequate to support the Ryukyuan Government, a sound banking and currency system, including a single rate of exchange appropriate for all foreign transactions with the ultimate objective of free convertibility.

(f) Protective labor legislation defining standards of hours, minimum wages and working conditions and the encouragement of the formation of organisations of employees along democratic lines which the Civil Administration determines to be beneficial to the Ryukyuan people.

2. All local currency revenue obtained from the sale of GARIOA supplies or received by the Civil Administration as a result of GARIOA investments will be deposited in a special fund. This fund may be used with the approval of the Civil Administration for the following purposes:

(a) Minimum essential support of the Government of the Ryukyu Islands, pending the development of adequate revenues.

(b) Reasonable local currency expenses of the Civil Information and Education Program.

(c) Economic rehabilitation, including but not limited to the extension of loans to agriculture and private enterprises which will expand domestic production and services and promote economic self-support.

(d) Public works, capital improvements and disaster relief conducted by the Government of the Ryukyu Islands with the approval of the Civil Administration.

G. ADMINISTRATION OF CIVIL INFORMATION AND EDUCATION

1. The Civil Administration will conduct a civil information and education program, the primary purposes and principles of which are as follows:

(a) The skills and facilities available through the program will be utilized in all possible ways to facilitate and hasten achievement of the basic objectives of the Civil Administration, and to assist the components of the Civil Administration in the accomplishment of specific projects and programs.

(b) The civil information and education program will give strong encouragement and assistance to the development, among the Ryukyuan people, of competence and willingness to assume progressively greater responsibility in the conduct and support of civil affairs.

(c) The civil information and education program will provide advice and counsel to Ryukyuan educational institutions at all levels, encouraging the establishment and maintenance of an educational system appropriate to the needs and capabilities of the Ryukyuan people and to their Japanese heritage.

(d) In fulfilling the other objectives set forth in this section the civil information and education program will strive to create among the Ryukyuan people attitudes of understanding, friendship, trust, and common interest relative to the United States and other members of the free world community.

H. ADMINISTRATION OF PUBLIC HEALTH AND WELFARE

The Civil Administration will cooperate with the Government of the Ryukyu Islands to secure satisfactory standards of public health and welfare for the Ryukyuan people. The Civil Administration may contribute, out of available funds, to the maintenance of such standards.

I. ADMINISTRATION OF PUBLIC SAFETY

The Civil Administration will advise and assist the Government of the Ryukyu Islands and the local governments to establish public safety systems which will assure the peaceful maintenance of law and order in a manner which will safeguard the fundamental rights of the Ryukyuan people.

J. PROCUREMENT AND USE OF REAL PROPERTY

1. The exercise of full governmental powers in the Ryukyus on the basis of the Peace Treaty with Japan provides authority for the Civil Administration to utilize the public property of the Japanese Government in the Ryukyuan Islands as the United States authority designated to exercise the United States powers of administration, legislation and jurisdiction in the islands. The Civil Administration may in its discretion permit the Government of the Ryukyu

Islands to use or dispose of such property on such terms and conditions as it determines.

2. The Civil Administration will be the U.S. agency responsible for the acquisition of real estate and other facilities in the Ryukyu Islands required for the use of United States Government agencies. Property for the use of United States Government agencies will be acquired by purchase or lease, negotiated by the GRI when appropriate, with the owners of the property. In addition, when appropriate and when funds have been authorized for the purpose, use of certain property for so long as it may be needed by the United States may be procured by the acquisition of easement interests in such property, full compensation in the amount of the appraised value of the property being made initially to the owners. In the event that purchases or easements for property cannot be negotiated on equitable and reasonable terms, the Civil Administration shall determine, after consultation with local authorities and the Government of the Ryukyu Islands, whether the property is required for use by the United States. The Government of the Ryukyu Islands shall acquire for the United States the necessary leasehold or easement interests in the property by the exercise of the right of eminent domain in condemnation proceedings and the United States shall make reasonable and prompt compensation. The condemned property shall be made available to the United States by the Government of the Ryukyu Islands or acquisition may be affected by the Civil Administration directly.

3. The Civil Administration in determining the facilities and areas to be made available to the United States armed forces in carrying out their military mission shall give full consideration to the effect which such determination may have on the economic and social life of the Ryukyuan people and give adequate respect to the property rights of the individuals concerned.

4. The Civil Administration will act as the agent of the United States in compensating private owners of real estate or other property for the use of their land and/or other property subsequent to July 1, 1950.

5. The Civil Administration will advise and encourage the Ryukyuan Government in developing and maintaining adequate records of land titles.

6. Nonresident individuals or corporations owning real estate in the Ryukyu Islands which is not needed by the United States Government may continue to control such property, if it is reasonably utilized to the benefit of the Ryukyuan economy. Should these owners decline to permit such use of their property, the Government of the Ryukyu Islands may, at the direction of the Civil Ad-

ministration, condemn the land and use it for the benefit of the Ryukyuan economy.

K. SUPPLEMENTARY INSTRUCTIONS

1. The Civil Administration will assist the Government of the Ryukyu Islands in the development of a program to resettle Ryukyuans, who have been deprived of land by the requirements of U.S. military forces, within the Ryukyuan archipelago and other suitable areas.

2. The Civil Administration will have prepared and will transmit to the Department of Defense from time to time, as requested, estimates, with complete justification, of appropriations from United States funds for the U.S. Civil Administration of the Ryukyuan Islands. It will be responsible for the expenditure, under approved procedures, of funds made available for such purposes. Monthly progress reports will be prepared and submitted to the Department of Defense.

3. All United States agencies in the Ryukyu Islands will abide by and conform to Civil Administration ordinances and directives.

4. JCS directives for Civil Administration of the Ryukyu Islands, previously issued, are superseded by this directive.

5. The proclamations, ordinances and directives heretofore issued by the Civil Administration will continue in force and effect until amended or rescinded pursuant to the terms of this directive.

L. FISCAL RELATIONS BETWEEN THE COMMANDER IN CHIEF, FAR EAST, AND THE GOVERNMENT OF THE RYUKYU ISLANDS AND THE RYUKYUAN PEOPLE

Fair and prompt compensation will be made to the Government of the Ryukyu Islands, and/or to the Ryukyuan people for the use of Ryukyuan land, labor or other Ryukyuan economic resources by U.S. agencies. The question of compensation for the use of land will be kept under review in the light of the economic position of the Ryukyus.

SUPPLEMENTAL INSTRUCTIONS TO THE GOVERNOR, RYUKYU ISLANDS [6]

(The following supplementary instructions will guide the Governor, Ryukyu Islands, in exercising the authority assigned by provisions of Section C, *Authority of the U.S. Civil Administration*, "Directive for U.S. Civil Administration of the Ryukyu Islands.")

In exercising its powers the Civil Administration will maintain close contacts with Ryukyuans in responsible and influential positions. Within these contacts it will be appropriate for the Civil Ad-

[6] The Supplemental Instructions were classified "Secret".

ministration to provide information, assistance and guidance rather than to exercise authoritative prerogatives. Every effort will be made, through such counsel and consultation methods, to insure that final actions by the Government of the Ryukyu Islands and its functional and local subdivisions will embody solutions acceptable to the Civil Administration. This will considerably reduce the necessity for the Civil Administration actually to take the extreme step of vetoing legislation, nullifying an election, reversing an announced executive action, or otherwise overriding an act of the Government of the Ryukyu Islands or interfering with the latter's normal functions. It is the policy of the U.S. to reduce its responsibilities for civil administration of the Ryukyus as rapidly as compatible with military requirements. The ultimate authority to control the government of the Islands rests with the Civil Administration. Subject to the foregoing, however, the Administration will:

1. Promote an atmosphere of mutual cooperation and understanding in which the Government of the Ryukyu Islands can be permitted to exercise the normal power of government in all matters of domestic administration.
2. Advise and consult with the appropriate Ryukyuan executive and legislative authorities in advance of legislation by the Ryukyuan legislature or the municipal legislative bodies with a view to making unnecessary the uses of the veto power.
3. Refrain from the exercise of the authority to review decision of the Ryukyuan courts except in cases involving a serious threat to the fulfillment of the Civil Administration mission.
4. Cooperate and coordinate with the Government of the Ryukyu Islands and with the municipal governments of all levels in the formulation and development of programs, policies and procedures, while recognizing that such governments should be accorded as much freedom as possible in achieving the political aspirations of the Ryukyuan people in fostering their trade, commerce, and industry, and in developing the resources of the islands.
5. Refrain from exercising its power to remove from office officials of any level of Ryukyuan government except in instances where the continuance of the official in office would constitute a serious threat to the fulfillment of the Civil Administration mission.
6. Encourage political parties, with rights of assembly and public discussion. However, such rights need not be extended to political groups or organisations which advocate political, governmental or social change by means other than orderly legal processes or peaceful petition, or which operate in such fashion as to preclude effective control over party policies and activities by the full membership of such parties.
7. Make every reasonable effort to achieve its civilian administration objectives with a minimum disruption of the lives of the Ryukyuan people.

No. 778

811.05194/7-1954

The Ambassador in Japan (Allison) to the Japanese Minister of Foreign Affairs (Okazaki) [1]

TOKYO, July 20, 1954.

MY DEAR MR. MINISTER: May I take this opportunity of expressing appreciation for your letter of May 31, 1954, [2] on the subject of American investment in Japan, and the offer of your Government to discuss with the Embassy specific proposals for investment.

Your letter reiterates your Government's long-standing position that it generally welcomes foreign investments. This statement is appreciated for, as you know, it is the belief of the United States Government that foreign investment can make a significant contribution in strengthening Japan's economy. The Government of the United States believes strongly that Japan should encourage those American investments which will assist Japan in augmenting its foreign exchange reserves. The application of any other policy would not only deprive Japan of assistance it might otherwise obtain, but would also be in contravention of the provisions of the Treaty of Friendship, Commerce and Navigation between our two countries.

It is with this in mind that I take the liberty of commenting on the criteria which you state in your letter will be used by the Japanese Government in evaluating applications for American investment. In the opinion of my Government, the FCN Treaty recognizes only one qualification as modifying Japan's obligation to grant national treatment to American businessmen seeking to make investments in Japan, with the exception of public utilities and other enterprises specified in paragraph 2 of Article 7. The sole qualification to which I refer is contained in paragraph 6 of the Protocol to the Treaty which recognizes that either party may impose such restrictions on the introduction of foreign capital as may be necessary to protect its monetary reserves. In view of this provision, I regret to note that the Japanese Government intends to apply additional restrictions in screening investments. You indi-

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[1] An unsigned copy of this letter is attached to a letter of July 19 from Waring to Thayer White, Acting Officer in Charge of Economic Affairs in NA. It is the opinion of the editors, since Allison's letter is not specifically mentioned in Waring's letter, that it was attached later and represents a true copy of Allison's letter as sent.

Allison's letter is based on instruction A-933 to Tokyo, June 21, which was drafted in the Commercial Policy Staff of the Office of Economic Defense and Trade Policy and in NA. (811.05194/6-2154)

[2] Transmitted in telegram 2984 from Tokyo, June 3, not printed. (811.05194/6-354)

cate that "it is the policy of the Japanese Government to welcome foreign investments which contribute to the development of our essential industries and public enterprises," and that the Japanese Government will "consider favorably any application for such investments even if they compete to a certain extent with the domestic industries." As an overall consideration you point out that careful study must be given to any investment "which would result in an increase of luxury items or purely nonessential commodities in the domestic market."

My Government believes that the FCN Treaty contains no provision which would permit the exclusion of an American investment on the basis of either the competition it affords to domestic industries, or the degree of essentiality of the investment. The sole criterion recognized by the Treaty is the effect of the investment on Japan's balance of payments. In view of the recent deterioration in this aspect of Japan's economy, it would appear that any foreign investment which does not violate Japanese law should be welcome, provided such investment serves to strengthen Japan's foreign exchange reserves by either expanding exports or reducing dependence upon imports.

In addition to contributing to the strength of Japan's foreign exchange position, private American capital can provide increased employment, new markets for Japanese products, modern equipment and technology, and new sources of tax revenue. Thus, through increased efficiency and reduction in cost, not only will the competitive position of Japanese products be improved abroad, but also the domestic economy will be strengthened.

The United States has been assisting Japan in a number of ways to cope with its foreign exchange problem. It has been making a substantial portion of its offshore procurement in Japan and promoting arrangements for expanding Japan's export markets. It has undertaken to provide military assistance to Japan and to pay all dollar costs and part of the yen costs of maintaining United States forces in Japan. To reduce the burden which the United States has assumed principally because of Japan's foreign exchange difficulties, the United States has a strong interest in assuring that the Japanese Government does not reject such American investments as can be expected to improve Japan's foreign exchange position. This interest adds to the concern which the United States Government always feels to assure that the treaty rights of individual American investors are respected.

It is my hope that Japan will not deny itself the simple and profitable avenue of self-help which the encouragement of the investment of private foreign capital can afford. I trust further that your Government will re-examine its policies and practices regarding

foreign investment with the objective of modifying them in accordance with the provisions of the FCN Treaty between our two countries. May I request that the subject raised in this letter receive the thoughtful consideration of your Government. I shall hold myself in readiness further to discuss this problem at your early convenience.

Sincerely yours,

JOHN M. ALLISON

No. 779

794C.0221/7-1554

The Secretary of State to the Secretary of Defense (Wilson)

TOP SECRET WASHINGTON, July 28, 1954.

DEAR MR. SECRETARY: I refer to your letter of July 25 [*15*], 1954 [1] in which you enclose a letter to the President recommending his approval of the proposed directive for the United States Civil Administration of the Ryukyu Islands and his approval of General John E. Hull as Governor of the Ryukyu Islands. I am happy that agreement on the directive has been reached and have signed the letter to the President in accordance with your request. [2]

The final sentence of paragraph 1, Section A of the directive provides: "The Department of State, in consultation with appropriate agencies of the Department of Defense, will in the future exercise all powers of the United States with respect to the relations of the Ryukyu Islands with foreign governments and international organizations." I have noted that acceptance of this provision is contingent upon the conclusion of an understanding between the Department of Defense and the Department of State with respect to this Department's foreign relations responsibility for the Ryukyu Islands and the means by which this responsibility is to be exercised. I consider that this Department's responsibility for the foreign relations of the Ryukyu Islands might include the representation and protection of Ryukyuan interests with respect to foreign countries and international organizations. In my view this responsibility

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[1] Document 777.

[2] In a memorandum to the Secretaries of State and Defense dated Aug. 3, Paul T. Carroll, a Staff Secretary at the White House, stated that the President had on Aug. 2 approved the directive and had also, pursuant to its paragraph A2, approved General Hull "for appointment as Governor of the Ryukyu Islands." (794C.0221/8-354) In a memorandum dated Feb. 21, 1955, to Sebald (by then Deputy Assistant Secretary of State for Far Eastern Affairs), McClurkin mentioned that the new directive had not yet been announced or implemented. (794C.00/2-2155)

should be exercised through an officer of the Department of State who would act as a consultant on foreign relations to the United States Governor of the Ryukyu Islands or his Deputy. I suggest that representatives of our Departments might be designated to meet and work out the details of such an arrangement. [3]

Sincerely yours,

JOHN FOSTER DULLES

[3] In a reply dated Aug. 31, Deputy Secretary Anderson stated: "I agree with your view that the responsibilities of the Department of State for the foreign relations of the Ryukyu Islands should be exercised by an officer of your Department who would act as a consultant on foreign relations to the United States Governor of the Ryukyu Islands or his Deputy. A representative of my staff will contact appropriate officials of your Department to work out details of such an arrangement, together with such other details as may be pertinent to your Department's responsibility for the foreign relations of the Ryukyu Islands." (794C.0221/8–3154)

No. 780

Tokyo Post files, 500 Japan

The Deputy Chief of Mission in Japan (Parsons) to the Acting Director of the Office of Northeast Asian Affairs (McClurkin)

SECRET
OFFICIAL–INFORMAL

TOKYO, July 28, 1954.

DEAR BOB: In your Notes for the week ending July 17, [1] item 13 (and by the way we find these Notes increasingly informative and useful), you mentioned the President's statement regarding Japan's foreign trade position. [2] You also referred to background material now being prepared by a public relations group for use by national commentators in indicating the necessity for more liberal trade relations between Japan and the United States. We understand the desirability and even necessity of informing people at home concerning Japan's difficult trade position and the need to safeguard ourselves and Japan against increased economic dependence upon Communist China and the Soviet bloc. We also appreciate the great importance of obtaining Congressional approval of a 3-year extension of the Reciprocal Trade Agreements Act.

Although such a campaign is useful and even essential for home consumption, it is interesting and significant that it is having a very different effect in Japan. Japanese newspapers have been saying that recent developments in Indochina and at Geneva would force the United States to reappraise its Far Eastern policies and

[1] Not found in Department of State files.
[2] See Document 772.

would increase the importance of Japan in the new program to be developed. Credence in this assumption has been greatly augmented by the President's remarks concerning the importance of Japan to the United States, with its corollary of preventing Japan from slipping behind the iron curtain. Similar statements of other United States officials and editorial echoes in some of the newspapers at home have served to strengthen in Japanese minds their concept of the essentiality of Japan in United States Far Eastern policy. We sense that there is a growing assurance among Japanese officials that our renewed emphasis on Japan greatly enhances their bargaining position. The attitude appears to be developing that, if they adopt a sufficiently rigid position, the United States will be forced to meet their demands for assistance whether in the military, economic, or political fields. They seem to believe that they are now leading from strength rather than weakness because, in their opinion, the United States believes it must have Japan as an ally in the Pacific. Naturally, this change in attitude will complicate our negotiations with the Japanese on many matters, including their defense appropriation for next year, the amount of their yen contribution in support of United States forces, the GARIOA settlement, and the utilization of the $10 million grant fund. It may also make them less willing to adopt that degree of austerity essential to the success of any program of self-help.

We seem to find ourselves in a dilemma, i.e., statements designed to be helpful in promoting United States policy at home are proving detrimental to that program abroad. In consequence, we are wondering whether a word of caution would be inappropriate. Specifically, we offer the suggestion that future statements dealing with the economic plight of Japan might make it clear that, although the United States realizes its importance and desires to be helpful, such assistance to be effective is dependent upon the efforts of Japan first to do all within its power in its own behalf. If future statements can carry the implication that United States aid (of whatever type) is contingent upon the adoption of a program of self-help by Japan and in fact can only be effective under such circumstances, we believe it will have a sobering effect and may make the Japanese more amenable. We pass this thought on for your consideration in the belief that, if feasible, its application would be salutary.

Sincerely yours,

J. GRAHAM PARSONS

No. 781

Secretary's Memoranda of Conversation, lot 64 D 199

U.S. Summary Minutes of the Third Meeting of United States–Republic of Korea Talks, Washington, July 29, 1954, 2:30 p.m. [1]

SECRET

PARTICIPANTS

United States

The President
The Secretary of State
Ambassador Briggs
Mr. Drumright
Mr. Young
Mr. McClurkin
The Secretary of Defense
Admiral Radford
General Hull
Vice Admiral Davis
Mr. Stassen
Mr. Wood
Mr. Hagerty

Republic of Korea

President Rhee
Ambassador Yang
Ambassador Limb
Admiral Sohn Won-il
Paek Tu-chin
Dr. Choe Sun-chu
General Chong Il-kwon
General Kim Chong-yol
General Choe Tok-sin

[Here follows discussion of a joint statement, a draft of agreed minutes, and President Rhee's plan for the unification of Korea. For this portion of the minutes, see volume XV, Part 2, page 1849.]

3. Relations between the Republic of Korea and Japan

President Rhee said that he understood the United States representatives wished to talk about this question.

Secretary Dulles said that there are clearly a number of difficult problems to be solved but he believes Japan will make a real effort to put relations with Korea on a fair and honorable basis. Our

[1] Drafted by McClurkin on Aug. 2. Participants listed below include: (United States) C. Tyler Wood, Economic Coordinator in Korea, FOA; (ROK) Ben C. Limb, Ambassador at Large and ROK Observer at the United Nations; Adm. Sohn Won Il, Minister of Defense; and Paik Tu Chin, Economic Coordinator. For additional documentation on President Rhee's visit to the United States in late July 1954, see vol. xv, Part 2, pp. 1829 ff.

working hypothesis in the Far East must be that Japan will become a reliable member of the Free World. Otherwise the whole balance in the Pacific could turn against us.

President Rhee said that it is correct for the United States to desire peaceful relations between Japan and Korea, but he hoped the United States Government would try to find out which party is right and which wrong. In a quarrel one party is wrong.

Secretary Dulles suggested that perhaps both might be wrong to some extent.

President Rhee rehearsed a number of his long-standing complaints against Japan. He said that Japan claims 85% of Korean property, and that Japan is insisting on regarding Korea as one of its former possessions despite the Peace Treaty.

Secretary Dulles said that he was not himself aware of any claim by Japan to 85% of the territory of Korea. Clearly that would be an outrageous violation of the Peace Treaty.

Ambassador Yang reported some of Kubota's remarks of October 16, 1953 [2] in the course of negotiations between the Koreans and the Japanese.

President Eisenhower said that the United States sent its men through the United Nations to protect Korea. He could not conceive how we can be accused of trying to make Koreans bow their necks to the Japanese. A clause in the Japanese Peace Treaty which Secretary Dulles negotiated specifically protects Korea. We will talk to the Japanese just as frankly as we do to the Koreans. He asked whether President Rhee would like us to begin an exploration of the whole tangled problem, perhaps leading to eventual adjudication. He thought we could produce people who would be completely fair. He concluded by referring to the desirability of good relations among Japan, Korea and Formosa.

President Rhee then brought up the question of the fishing line and detailed the history of this question, beginning with the MacArthur Line. He said it is necessary to have such a line if Korea is to live in peace with Japan.

Secretary Dulles said that this is a very difficult question. In a situation where there is the tension which exists between Korea and Japan something of the sort would seem to make sense. On the other hand, there is the problem of the traditional United States position with respect to freedom of the seas. Perhaps it would be possible to work out a sort of self-denying ordinance in which the Japanese would agree that they would not send any fishing boats into certain areas, but without doing violation to the general principle of freedom of access to the high seas.

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[2] See footnote 6, Document 689.

He then went on to ask whether the ROK had any concrete suggestion. He said that we would be glad to do anything we can to help. He wondered whether the ROK would like to have some form of arbitration or to set up a panel of some kind or to refer the question to the World Court. Another possibility would be that we provide an individual to observe and to mediate if the Japanese also agreed to have such a person.

President Rhee said that the United States must tell ROK first whether we believe the Koreans are right or the Japanese are right.

President Eisenhower said that we cannot give such answers now because we have not explored these questions sufficiently. However, we will try to find out where justice lies.

Ambassador Yang referred to his discussions in Washington with Ambassador Iguchi and emphasized that the ROK is willing and anxious to settle these questions.

Secretary Dulles read the statement which Ambassador Iguchi had proposed the Japanese make publicly.

Ambassador Yang said that if the Japanese will consent to make that statement publicly, the Koreans would resume negotiations.

President Eisenhower said that if we are going to support our friends we cannot have them fighting each other. We have a great deal of sympathy for the Korean position with respect to Japan, but we do feel that friendly relations between the two countries are essential to the security of the whole area. If the Koreans and the Japanese can improve their relations by direct negotiations, so much the better. If it is necessary for us to participate, we will be glad to do it.

Secretary Dulles emphasized that the Koreans should not think that United States sympathies lie with Japan rather than with Korea, because they do not. We have not forgotten that Japan was our enemy, whereas Korea has been our ally. What has been said by the United States representatives in this discussion is the policy of the United States Government regardless of any isolated remarks by individuals on any other occasion. He added that he believes the Japanese have made a serious mistake by clinging to a rather tenuous legal claim in order to attempt to buttress their bargaining position. We can and will exert influence on the Japanese to deal with these problems in a statesmanlike way instead of on the basis of sharp trading.

No. 782

794.5 MSP/7–3054: Telegram

The Ambassador in Japan (Allison) to the Department of State

SECRET PRIORITY TOKYO, July 30, 1954—5 p.m.

235. Department Army (JCS) Washington, D.C. Department Army pass to General Hull. This is a joint FEC–Embassy message.

Part I—Japanese Plans For Defense Cuts and Increased OSP.

1. Vice-Director Defense Agency Masuhara told General Higgins July 21 precarious economic situation necessitating cuts in Japanese fiscal year 1954 budget and probable 90 billion yen ceiling for Japanese fiscal year 1955 defense budget. Masuhara stated as result tentative decision several weeks ago by Finance Minister Japanese fiscal year 1954 defense budget unofficially cut 10 percent forcing curtailment troop maneuvers and reduction stock reserve to only 5 percent as against 16–20 percent considered advisable by MAAG. Further 1954 budget cuts anticipated. Finance Ministry threatening cut in funds for naval personnel if United States fails turn over 17 combatant vessels, since personnel plans for Japanese fiscal year 1954 based on anticipation receipt these vessels. Naval construction under way will be completed but Masuhara doubts that further major construction will be started in immediate future. Funds for essential ground force construction may also be cut.

Japanese fiscal year 1955 budget ceiling expected to result in sharp curtailment plans to add 30,000 men to defense forces. Masuhara suggested that even slight increase in defense budget will be conditional on equivalent reduction yen contribution support US forces in Japan.

2. Yoshida . . . and submitted MITI plan for reconstruction defense industries which subsequently given Meyer mission [1] and Embassy. Plan requests $49 million in US aid for equipment funds and $350 million in OSP of which 207 million for Japanese defense forces and 143 million for other Far East countries. OSP is projected for planes, arms and ammunition but not naval construction. Timing of OSP not made clear in plan.

In view serious implications of defense budget cuts and evidence of uncoordinated Japanese approaches for US aid, Ambassador called FEC–Embassy–MAAG meeting July 26 to discuss problems raised by above and initiate joint studies looking to recommenda-

[1] The FOA Mission headed by Clarence Meyer arrived in Japan during the first week of July.

tions of coordinated defense-economic planning. Meyer agreed to remain over to attend meeting.

Part II—Conclusions FEC–Embassy–MAAG Meeting.

1. Inter-relationship of economic-defense-OSP problem and need for coordinated planning on US side was recognized.

2. Cuts in Japanese fiscal year 1954 defense budget although not yet official represented violation of spirit Japanese commitment in Allison–Okazaki letters April 6, 1954.

3. General prospect for next few years is decreasing US military expenditures in Japan.

4. Recently, Japanese Government has made number of uncoordinated and even contradictory approaches for US aid, such as: joint committee discussion of declining dollar expenditures; Kaihara [2] visit and presentation Kimura letter to Secretary of Defense; [3] above-mentioned Yoshida letter to Hull; road project; request for $130 million in agricultural surplus; request for negotiations on special dollar receipts; IBRD and IMF negotiations, et cetera.

5. Common to all these requests is failure of Japanese to set forth concurrent internal actions to be undertaken on own behalf, despite obvious need for tough, coordinated economic and defense policies. Desirability of insisting on self-help policies prior to giving further US assistance seems required by Japanese attitude.

6. Unwillingness to prosecute realistic austerity program with necessary vigor and determination attributed to weakness of present Japanese Government.

7. Need exists to explore all possibilities for direct defense assistance to Japan including (a) delivery of additional ships and four-five year $50 million OSP program for naval construction suggested in Radford letter to Allison of March 16; [4] (b) development of government manufacturing arsenals; (c) diversion of Indochina funds to: (1) Japan if valid end item requirements can be established for Japan; or (2) to other Asian countries if valid end item requirements can be established for items which can be produced in Japan.

8. Formation of continuing US-Japanese consultative body to serve as channel for all Japanese requests and main negotiating body considered desirable. . . .

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[2] Kaihara of the National Self-Defense Agency was in Washington in July for talks with U.S. officials.

[3] Not found in Department of State files. A memorandum dated July 22 of a conversation held in Washington between Kaihara and State and Defense Department officials indicates the content of the Kimura letter and summarizes the oral replies given by a JCS team. The questions concerned the strategic role of Japan and Japanese force levels, equipment, and procurement. (Memorandum by Dunning, 794.5/7-2254)

[4] Not found in Department of State files.

Part III—Action Assignments.

Meeting decided to continue informal consultations and immediately conduct following studies as basis for joint recommendations:

1. FEC and MAAG estimate of respective OSP requirements for Japanese defense forces in US fiscal year 1955 assuming: (a) 90 billion yen ceiling with 30,000-man increase effected late in Japanese fiscal year 1955; (b) 100–120 billion yen ceiling with 30,000-man increase effected as presently planned. In addition, from long range point of view, estimate of US OSP procurement which would be reasonable for Japanese defense forces in US fiscal year 1956 assuming the implementation of (1) Japanese plan for six divisions plus four RCTs by March of 1957 and (2) JCS forces goals of 15 divisions which under MAAG planning would be reached by March 1959.

2. FEC estimates of OSP for other Far East countries and other dollar expenditures in Japan in light present Far East situation.

3. Embassy estimate of total dollar requirements and calculation of dollar aid required on basis above OSP estimates.

4. Embassy study of capability Japanese Government to enforce tough economic policies and realistic defense program.

It was also decided that (a) Ambassador would informally discuss 10 percent budget cut with Foreign Minister pointing out advisability joint consultation as result of commitment on defense program in April 6 letter; and (b) Ambassador and Meyer would informally point out to Yoshida and Okazaki need for coordination of outstanding requests for US assistance, this coordination to include formulation of a single program relating OSP program and other economic assistance to defense plans and inclusion internal actions Japanese Government will undertake.

Part IV—Recommendations.

1. Immediate discussions with Japanese Government on formation joint US–Japan consultative group as indicated paragraph 8 Part II. On US side, Embassy–FEC–MAAG initially would be represented. If FOA mission established, it would be included.

2. Delay in further commitments to Japanese, including Kaihara, pending completion FEC–Embassy studies and recommendations and formulation by Japanese of coordinated program.

Immediate Washington consideration of possibilities increased OSP through aforementioned naval construction program, diversion of Indochina funds directly to Japan or to OSP in Japan for other Far East countries, or by other methods.

Embassy and FEC finally request guidance on long-range strategic role conceived for Japan. Projected strategic role needed to form basis for Embassy–FEC planning of coordinated economic aid-OSP-Defense program. Discussion of this role with Japanese best

method obtaining their cooperation and support. Meyer and MAAG Chief concur.

ALLISON

No. 783

Eisenhower Library, Eisenhower papers, Whitman file

Minutes of Cabinet Meeting

[Extract] [1]

CONFIDENTIAL [WASHINGTON,] August 6, 1954—10 a.m.

. . . . . .

The President opened the discussion, after a brief silent prayer, with a suggestion that the Cabinet might meet for lunch once a month without having an agenda. Such a meeting would be for the purposes of general open discussion unless any member had an urgent item of business, which could be attended to formally.

Japanese Trade—Sec. Dulles introduced lengthy consideration of the need for negotiating international trade agreements favoring Japan, with a review of the importance of Japan to the free world. Communist efforts to win over Japan by economic proposals, and the extremely dangerous current economic position of that country. He indicated that there was little future for Japanese products in the United States, and that the solution lay in developing markets for Japan in presently underdeveloped areas such as Southeast Asia. Since such development is necessarily long-term, interim measures would be needed. He then cited the major responsibility held by the United States as a result of past events and the need for the entire Administration rather than just the State Department to effect a workable program.

The President commented that no single action would solve the Japanese economic problem but that a variety of approaches must be made. He suggested that it was an absolute fallacy to say that there should be *no* East-West trade. Instead, some Japanese trade with her Communist neighbors might be encouraged and would set up influences behind the iron curtain detrimental to Communism. Such trade, of course, would have to be closely watched.

The Attorney General inquired as to our policy concerning Japanese armed forces. Mr. Dulles indicated that they were being increased now that the security agreements had been signed and that some of our own divisions presently in Japan could be redeployed.

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[1] Part of the omitted material is a list of persons present (29).

The President immediately noted that redeployment would increase the economic problem since it would take dollars out of Japan.

Assistant Secretary Anderson of Commerce [1] explained a series of charts highlighting the Japanese economic problems. They included statistics concerning size and density of population, insufficiency of food production, comparisons of foreign trade pre-1940 and now and in terms of geographic areas of the world, types of imports and exports, trade deficit and the foreign exchange situation. He then proceeded to indicate that a solution of the problem depended upon greater austerity within Japan by returning to the mid-1930's standard of living, increasing exports through participation in GATT (General Agreement on Tariff [*Tariffs*] and Trade), [2] a larger shipping program, modernization of industry and elimination of certain unfair trade practices. It would also require U.S. effort with regard to including Japan in GATT, giving a maximum of economic and military aid, making grants or loans of agricultural surpluses for local currency, and accomplishing an interim GARIOA (Government and Relief in Occupied Areas) settlement. Finally, other nations in the free world would have to participate by increasing their imports of Japanese goods and limiting their reparations demands.

The President then emphasized the need for making the attack on this problem on a broad front, and he asked all Cabinet members to review this material for the purpose of contributing new ideas and also the urgency of working this subject into their public addresses. He indicated the controversy which would arise in connection with foreign economic policy legislation in the coming year and stressed that to bar all competitive products would result, in the long run, in the disaster of war.

Sec. Weeks [3] stated his understanding of the problem and points of view expressed but wanted to call attention to the drastic differential in wage scales. He urged that Japan if taken into GATT should be subject to the customary peril point and escape clauses. He preferred an examination of alternative methods such as military aid, quotas, etc. The President commented that he desired such ideas to be expressed and then went on to warn that Japan had to make its already low wages even lower—and that if forced too far, Japan would become ripe for Communism. Gov. Stassen pointed to the need for distributing action over many fields as his

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[1] Samuel W. Anderson, Assistant Secretary of Commerce.

[2] For documentation concerning U.S. support for Japanese participation in the GATT, see vol. I, Part 1, pp. 114 ff.

[3] Sinclair Weeks, Secretary of Commerce.

FOA mission to Japan was already attempting. He stated that U.S. exports to Japan would suffer if the Japanese cannot export their own products, and he singled out the trade relationship involving Southern purchases of New England products with money derived from the sale of cotton to Japan. Sec. Humphrey believed the emphasis should be put on spreading Japanese exports throughout the world rather than having the U.S. carry the burden of buying Japanese goods. He emphasized unemployment within the U.S. and the dislocation caused by Japanese products such as electrical equipment.

The President agreed and again stated that the U.S. must prevent the development of a situation in Japan which would result in a Communist take-over.

In a discussion of the timing of the GATT negotiations, Sec. Dulles described the elaborate procedures and the need for giving notice of intent by September 1st in order to allow a Presidential proclamation of the results by the middle of June. Sec. Weeks asked if the declaration of intent could be postponed until November 1st. Messrs. Dulles and Anderson agreed that it could not. [4]

Sec. Dulles concluded the discussion by placing emphasis on the importance of public addresses and he requested Mr. Hagerty to distribute to the Cabinet pertinent addresses made by the President. He believed it quite possible to sell the necessary program to the American people, particularly since the President and he had successfully convinced the Ways and Means Committee of the need for several similar essential items.

. . . . . .

L. A. MINNICH, JR.

[4] Minutes of the Cabinet meeting held on Aug. 13 at Camp David indicate that the President acceded to a request from Secretary Weeks for further review of the time at which items to be negotiated with Japan would be submitted to the Tariff Commission. (Minutes drafted by Minnich, Eisenhower Library, Eisenhower papers, Whitman file)

No. 784

794.5 MSP/8–1854

The Chief of Staff, Far East Command (Magruder) to the Economic Counselor of the Embassy in Japan (Waring)

CONFIDENTIAL [TOKYO,] 6 August 1954.

DEAR MR. WARING: Reference is made to my letter of 24 July 1954, in which I indicated concurrence in principle with Mr. Meyer's report, "An Economic Program for Japan" dated July

1954 [1] and offered some preliminary comments thereon. In my previous letter I mentioned that in my opinion the report implies that the program for offshore procurement and industrial mobilization is farther advanced than it really is. I confirm this to be the case.

The description of Japan's economic problem and her current economic condition appears accurate and the measures recommended to correct Japan's economic ills are soundly conceived. There is, however, a fundamental omission from the report which I, having listened to your own words of wisdom on this subject, feel should be mentioned:

United States execution of a program for economic aid to Japan should be contingent upon and related to Japan's own performance of an acceptable complementary program. Our experience with foreign aid programs in other countries supports the conclusion that failure to establish reciprocal measures to be required of the recipient country leads to pyramiding demands for further United States aid rather than maximum self assistance. Our experience with Japan with respect to military aid has been that whereas the United States Army secured the funds and was prepared to furnish the equipment for a 10-division army, the Japanese have shown no willingness to form more than half such a force. The 10 old type divisions are equal to 15 new type divisions, of which the Japanese may raise 7 1/3 by 1956. At the same time, Japan has been asking for more offshore procurement orders.

It is noted that the Mission refers to the loss of colonial resources as irreparable. This may be true in an absolute sense but it is my belief that this problem is economically solvable by the development of greater trade in non-strategic materials with China, greater trade with Southeast Asia and closer integration of the Japanese economy with those of Formosa and Korea.

Sincerely,

CARTER B. MAGRUDER
Lieutenant General, General Staff

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[1] A copy of this report is attached to a letter dated Aug. 5 from Stassen to Dulles, neither printed. (894.10/8–554) For a brief summary of the report, see Robertson's memorandum to the Secretary, Document 794.

No. 785

INR-NIE files

National Intelligence Estimate

[Extract] [1]

SECRET
NIE-41-54

WASHINGTON, August 10, 1954.

PROBABLE DEVELOPMENTS IN JAPAN THROUGH 1957 [2]

THE PROBLEM

To analyze the factors determining Japan's present strength, stability, and orientation, and to assess probable developments in Japan through 1957, with particular respect to Japan's future role in Asia.

CONCLUSIONS

1. Through 1957, Japan will not be in a position to play a leading or stabilizing role in Asian affairs. Assuming a continuation of US assistance, however, we believe that Japan will slowly gain in strength.

2. Japan will almost certainly continue to be economically and militarily dependent on the US. It will therefore continue to avoid any action that might seriously jeopardize its alignment with the US, in spite of numerous frictions arising out of its condition of dependence.

3. Within these limitations, Japan will attempt to pursue a more independent foreign policy, notably in terms of establishing more active and extensive economic and political relations with Communist China and the USSR. There will probably be some growth in neutralist sentiment, an increasing spirit of nationalism, and a continuing critical appraisal of US policy.

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[1] The section titled "Conclusions" is printed in full. The omitted portions comprise the section entitled "Discussion" and a map.

[2] A note on the cover sheet reads: "The following intelligence organizations participated in the preparation of this estimate: The Central Intelligence Agency and the intelligence organizations of the Departments of State, the Army, the Navy, the Air Force, and the Joint Staff. Concurred in by the Intelligence Advisory Committee on 10 August 1954. Concurring were the Special Assistant, Intelligence, Department of State; the Assistant Chief of Staff, G-2, Department of the Army; the Director of Naval Intelligence; the Director of Intelligence, USAF; the Deputy Director for Intelligence, The Joint Staff. The Director of Intelligence, AEC, and the Assistant to the Director, Federal Bureau of Investigation, abstained, the subject being outside their jurisdiction."

4. Japan's economic situation will continue to be precarious. Import requirements will remain high and even with the probable increase in trade with Communist China, exports will not be expanded sufficiently to avoid continuing balance of payments difficulties. Therefore, Japan will remain dependent on a continued high level of US expenditures and other financial assistance.

5. Moderate conservative elements will probably continue to dominate Japanese government and politics, although factional rivalry among the conservative elements will probably hamper governmental effectiveness. Conservative tenure is likely to be assisted by further increases in the powers of the central government.

6. Although the Japanese Communist Party is not likely to gain substantial parliamentary strength, it will continue to exercise an important influence through its ability to aggravate popular grievances and to exploit and infiltrate mass organizations of the non-Communist left. The Communists will probably be able to maintain their underground organization but not to increase significantly their potentialities for sabotage and subversion.

7. Assuming US military assistance, the Japanese Government will continue to rearm gradually during this period. By the end of the period, we believe Japan will have military forces capable of making a substantial contribution to its defense, but by no means adequate to assume full responsibility therefor. Japan will be reluctant to accept military commitments beyond the immediate defense of Japanese territory and will hesitate to join any regional defense system.

. . . . . .

No. 786

794.00/8–1154: Telegram

The Ambassador in Japan (Allison) to the Department of State

SECRET PRIORITY TOKYO, August 11, 1954—2 p.m.

318. For the Secretary from Ambassador.

1. Since his appointment as Secretary General of Liberal Party two weeks ago, Ikeda has rapidly emerged as dominating figure second only to Yoshida in power and influence. Yesterday at meeting of Liberal Party leaders, he followed Yoshida to rostrum and made statements which in substance were reported as follows:

a. United States failed in its "roll-back policy" when Indochina truce signed.

b. Truce proved increasing initiative of Communist China amid "fast-rising racial consciousness in Southeast Asia."

c. "This is not time for Japan to chose outright between west and east . . . [1] but is time to decide its own action in full analysis of action either west or east will take politically and economically."

d. Japanese attitude should be characterized by greater flexibility in foreign and economic policy.

e. Chief objective of new policy would be promotion of trade, which would necessitate drastic revision of current policies, rationalization of nation's industries and safeguards against extreme activities by labor unions.

f. Retrenchment (austerity) policies should be continued for several years more.

2. Ikeda's assumption, with full support from Yoshida, of more dynamic leadership than government has exhibited over past year or so is most important development from standpoint of Japan's role in Far East and our relations with Japan. At his request, I am to see Ikeda August 13, 2:30 p.m. Tokyo time. Subjects forecast by Suzuki of Finance Ministry are: (a) GARIOA, (b) Mr. Yoshida's visit to Washington, and (c) internal political developments. I believe this gives us timely opportunity to comment on Ikeda's views as quoted in press and to correct obvious misapprehensions regarding US position, particularly with respect to his appraisal of strategic situation in Southeast Asia and basis for US economic assistance. Press has repeatedly headlined in last several days all manner of reports on alleged directive by President to prepare program of economic aid for Japan, on impact of Meyer report outlining seriousness Japanese economic position, and US Cabinet discussions regarding Japan, et cetera, et cetera. Your statement at yesterday's press conference [2] that direct economic aid is not being considered

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[1] Ellipsis in the source text.

[2] When questioned concerning U.S. direct assistance to Japan at his news conference held in Washington on Aug. 10, the Secretary replied as follows:

"It is possible, but we do not think that that will be necessary. It may be desirable to make available some foodstuffs to Japan out of our surplus food crops and to do so on terms which would be liberal from the standpoint of payment—possibly in terms of local currency. But we do not anticipate the necessity for any economic aid to Japan, on the assumption that the Japanese handle their own fiscal and commercial affairs with prudence and firmness. It seems to us the situation can be dealt with without any direct economic aid. There is of course a certain amount of assistance that goes to Japan through our contribution to their enlarged security program and there are still a substantial number of U.S. troops in Japan which are spending money there. In that way there is a considerable amount of what you might call invisible exports to Japan which runs up into terms of several hundred million dollars, though not nearly as big as it was at the height of the Korean war when there were heavy purchases in Japan for use in Korea. There is a decline, but the figure is still quite a substantial one."

Full text of the news conference, which includes additional references to Japan, is in Department of State, News Division, "News Conferences of the Secretary: Verbatim Reports", vol. XXIV, 1953–1955, under date.

at present has helped to restore balance. However, US press stories still give impression US needs Japan more than vice versa. No doubt expectations of help are running high and entering into Ikeda's own calculations.

3. Regardless of future prospects for Yoshida government and degree of support it may be in our interest to give it, we shall have to reckon with Ikeda increasingly to be ahead and I therefore think it would be most helpful if I could have statement directly from you to give him on Friday. This would, I hope, be preliminary to statements which I hope you will be able to make en route to Baguio or at least on way back, at which time I will have further recommendations for talks with Yoshida, Ikeda and others. At this time, however, in addition to whatever you may consider it useful to say, I would propose that message from you include following points:

a. Indochina truce was not failure of roll-back policy of United States. French never asked United States to intervene in Indochina and truce was in essence recognition of facts of situation there. There has therefore been no major change in strategic situation in Southeast Asia except that necessity for greater sense of mutual interdependence in area is now more widely recognized. United States moving to achieve greater strategic flexibility by withdrawal of all but two divisions from Korea, and re-positioning elsewhere in Far East outside Japan.

b. United States pleased to note Ikeda's emphasis on measures to rationalize nation's industries as in last analysis Japan must restore her competitive position in world's markets if she is to achieve independence and self-reliance which we, too, desire to see. However, it imperative for Ikeda and other Japanese leaders to make clear to all that United States assistance to Japan could only provide extra margin where needed to assure success over and above Japan's own efforts to rationalize the economy. The United States has been deeply disappointed in failure Japan to make wise use of special dollar receipts of past few years and must insist in connection with any future aid requests from Japan on prerequisite of such measures as selective controls, modernization plant, land reclamation, et cetera, et cetera.

United States particularly fearful that spate of publicity on expected American assistance will cause certain elements in Japan relax efforts and expect that Japan will be bailed out of any crisis by United States because of United States conviction of importance of Japan as anti-Communist bastion. Ikeda should know United States Congress, which has drastically cut FOA appropriations this year, would not countenance assistance to country which after three years of decreasing taxation again failed to tackle its problems with real determination. Might also add, as has been pointed out in FEC–Embassy discussions that shift toward neutrality, while

not affecting economic aid or OSP from existing production facilities, nevertheless, when added to an unwillingness to rearm rapidly, might have a determining effect on US plans to build any industrial mobilization base in Japan. Discussions suggested it would not be sound judgment to build a mobilization production base in a country which is exposed to enemy attack yet which has not shown resolution in preparing for its own defense. The protection of such a production base would tie down United States forces required elsewhere.

ALLISON

No. 787

FE files, lot 55 D 480

Memorandum by the Economic Coordinator in the Bureau of Far Eastern Affairs (Baldwin) to the Assistant Secretary of State for Far Eastern Affairs (Robertson)

SECRET [WASHINGTON,] August 11, 1954.

Subject: Ikeda's Statement re Japanese Foreign Policy

I suppose one of the reasons which motivated Ikeda's recent statements about Japan's foreign policy orientation was the expectation or hope that it might loosen U.S. purse strings and enhance the possibility of a fat economic aid program for Japan. This supposition is strengthened by the remarks about U.S. assistance to Japan attributed to Ambassador Iguchi in today's *New York Times.* [1]

While the Indochinese situation furnished a convenient justification for some such statement as Ikeda's, recent U.S. developments (including the President's statement about Japan and the subsequent Meyer Mission to Japan) certainly did not discourage it.

The Japanese will, of course, expect some official U.S. reaction to Ikeda's remarks. It seems to me that a soft or too conciliatory reaction might justify the hope that the bluff (assuming that it is a bluff) has worked. Consideration might be given to the advisability of our slowing down a bit with respect to some things in the eco-

[1] This matter came up in the course of a conversation held between Murphy, Ambassador Iguchi, and Finn on Aug. 11. "Ambassador Iguchi referred to an article appearing in the *New York Times* of August 11 summarizing an interview he had given. He said the figure of $1.5 billion mentioned by the reporter as a possible total of assistance desired by Japan from the United States was of course 'preposterous'. The Ambassador said he had mentioned no such figure and that the article was erroneous in a number of respects." (Memorandum by Finn, who became Officer in Charge of Japanese Affairs in the spring of 1954, attached to the source text)

nomic field which Japan wants as a means of suggesting to the Japanese that we were not greatly impressed by the Ikeda statement. This could be done, I would think, without harming our basic relation with Japan or prejudicing any subsequent actions we might wish to take in the economic field.

If a policy of this kind on our part should be adopted, the question of an FOA Mission in Tokyo or even the assignment there of an economic minister, hand-picked by the FOA, should certainly be shelved for the time being. There are other good reasons for shelving it (NA is now preparing a paper on the subject from you to the Secretary) [2] but if the Ikeda statement is to be met by an attitude of coolness on our part, any move or gesture which might suggest that we are currently considering an economic assistance program for Japan would be inadvisable. [3]

Apropos this matter, and particularly the memorandum mentioned above, which is being prepared by NA, is the attached copy of a memorandum of conversation between the Secretary and Mr. Stassen. [4] The Secretary's response to Stassen's remarks concerning the first two items in the memorandum is not indicated; presumably it was non-committal. The Secretary should, I think, be advised to avoid taking a definite stand on either matter for the time being.

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[2] For the finished paper, see Robertson's memorandum to the Secretary, Document 794.

[3] A handwritten notation presumably by Robertson appears in the margin beside this paragraph: "I agree".

[4] The item concerning Japan in Hanes' memorandum of a conversation held Aug. 9 reads: "Mr. Stassen advocated a three-year program of $100,000,000 of raw materials, principally food, each year to be handled through an FOA mission to be established in Japan." During the conversation Stassen also suggested an economic policy to back up Southeast Asia military arrangements, and raised the possibility of himself going to the area to prepare the groundwork for a major economic conference in Asia. (Secretary's Memoranda of Conversation, lot 64 D 199)

No. 788

794.00/8–1154: Telegram

The Secretary of State to the Embassy in Japan [1]

SECRET
PRIORITY

WASHINGTON, August 12, 1954—1:04 p.m.

300. Ur 318. [2] From Secretary for Ambassador. I do not think it wise for me to send personal message from me to Ikeda partly be-

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[1] Drafted and approved for transmission by the Secretary.

[2] Document 786.

cause there is not time to do this adequately and partly because so important a pronouncement should await a more measured appreciation of just what Ikeda said and what significance should properly attach to it.

There is no harm in talking to him along lines Point 4 my Los Angeles speech June 11.[3] Assuming Congressional concurrence, which would have been sought, US was prepared to fight in Indochina but could not obtain necessary concurrence British and French.

There was at no time anything weak in our position. The dispatch of our aircraft carriers to Hainan and their conduct there should dispel any doubts on this score.

We are eager have Japan develop a sense of mission and of destiny and to develop for itself a role in Far East. I have been grievously disappointed that so far Japan has been listless and drifting and apparently expecting merely to be taken care of by U.S.

If Japan does want to have a destiny and future of its own it will have to find it within free world which tolerates and welcomes diversity. It will never find it in dependence upon Communist world which accepts only conformity and domination by Soviet Communist Party as the "General Staff of the World Proletariat."

If Japan has any ideas about Far Eastern policy we would like to know them and exchange views with them and we would not exclude possibility of ourselves profitting from such an exchange of views.

It is quite proper you should speak along lines your paragraph 3b, but I suggest caution on reference to Japan's industrial defense buildup since I am informed prospects for OSP are dim.

DULLES

[3] For text, see Department of State *Bulletin*, June 28, 1954, p. 971.

No. 789

794.5 MSP/8–1454: Telegram

The Ambassador in Japan (Allison) to the Department of State

CONFIDENTIAL TOKYO, August 14, 1954—11 a.m.

363. Initial meeting with Takeuchi and other government officials of similar rank on United States procurement in Japan August 12 revealed aggressive, antagonistic intensely critical attitude toward United States policy, method and "commitments" in connection with such procurement. The decline in United States

Government dollar procurement from the $100 million estimated in October to a total of about $70 million during United States fiscal year ended June 30 was viewed as a breach of confidence by the United States. Suggestion was made that the 14.4 billion yen counterpart of $40 million under Section 550 of MSA should not be expended for procurement until this point was clarified. Japanese also queried as to reason for drop in official garrison force procurement from $275 to $205 million and suggested that in view of this decline Japanese contribution of yen equivalent of $148 million to support United States forces should be proportionately reduced.

Speaking for United States, Waring stated $100 million figure was estimate only and that United States made no commitment that any specific portion would be paid in dollars. He deplored tendency of Japanese to regard as firm commitment estimates made in good faith which subsequently proved impossible and stated failure to reach $100 million target caused by later procurement cutbacks and inability place certain contracts in Japan. He states real United States contribution to troop support far in excess of $275 million and that Japanese position this issue, therefore, not understandable. He indicated willingness United States to discuss in more amicable atmosphere means of arriving at solution fair to both sides. Next meeting scheduled Wednesday August 18. [1]

Despatch follows. [2]

ALLISON

[1] The Embassy reported in despatch 257 from Tokyo, Aug. 23, that the atmosphere at the session held on Aug. 18 had improved but that the talks remained in a preliminary stage. (794.5 MSP/8–2354)

[2] Despatch 241 from Tokyo, Aug. 19, not printed. (794.5 MSP/8–1954)

No. 790

611.94/8–1454: Telegram

The Ambassador in Japan (Allison) to the Department of State

CONFIDENTIAL TOKYO, August 14, 1954—2 p.m.

365. Reference Embtel 318 [1] and Deptel 300. [2]

1. I met Ikeda privately yesterday at his request in Minister Finance residence where he hoped to be undiscovered by press (this apparently was impossible; see Embtel 364). [3] Ikeda accompanied

[1] Document 786.

[2] Document 788.

[3] In this telegram, dated Aug. 14, the Embassy transmitted the text of an article concerning the Ikeda–Allison meeting which had appeared in that day's *Asahi Shimbun*. (611.94/8–1454)

by Suzuki and Miyazawa and I by Diehl and Leonhart. Talk lasted two hours, was frank, unrestrained, and of considerable consequence in illustrating current official attitudes here.

2. I opened conversation by reading press accounts of what Ikeda was supposed to have said off-the-record on August 9 and 10 and suggested that if he would like me to report particular instances of misquotation I would be pleased to do so. I would first however like to review for him recent FE development and present strategic situation in SEA as it appeared to us. I did so quoting paragraphs from Secretary's June 11 address (which I left with him) and general line Department's 300.

3. Ikeda replied that he had of course been misquoted, that he believed US–Japan cooperation was basic to all aspects Japanese policy, so basic and well understood that he had not believed it necessary to dwell on this essential in his off-record remarks. What he had been trying to do was infuse some freshness and some sense new policy into Liberal Party. We should recognize that never has prestige Mr. Yoshida and liberals been so low as it is today, that Yoshida and liberals are determined to put US–Japan cooperation on permanent and lasting basis but to do so they need increased strength. Mr. Yoshida is old man and there are many things he does not understand, but he is still "one of few men" in Japan who can develop sound foundation for US–Japan relations.

4. Ikeda continued that is why Yoshida trip to US is so important, why it should be made as soon as possible, and why it was indispensable for Yoshida to bring back real presents from US. On timing of trip, Ikeda said they must have special Diet session early in November and Yoshida must be back for several days before its opening. I said I had sent several telegrams urging maximum accommodation of Yoshida plans and would report Ikeda's remarks. He seemed satisfied and observed we should not be disturbed by what we read in press concerning date of departure. In order forestall special session they would continue announcing Yoshida's trip as imminent.

5. He then turned to what we could do for Japan. It was not important that people spoke of Yoshida as "puppet of somebody"; what was important was that they should consider him "puppet of benevolent somebody." Unfortunately many Japanese were beginning to feel that US had no real benevolence toward Japan. US was failing to recognize that much of Japan's present economic difficulties were attributable to mistaken occupation policies in such fields as labor, decentralization of government, school reforms, etc. Since these were US mistakes, US should now be more generous in helping Japan to recover from them. Moreover, many Japanese are

coming to believe US had been far more benevolent toward Germany than Japan.

6. Ikeda continued in this vein for some time, at no place indicating either Japanese responsibilities for Japanese policies in last two and half years or need for Japan to take self-help measures as prior justification for US aid. I said I wished to speak equally plainly and wished to point out: (a) US had found Japan in ruins at end of war and had rebuilt its productivity to highest peak in its history; (b) at end of occupation and under Dodge plan, Japan was solvent and making real economic progress; what had happened since was consequence not of following occupation economic policy but of repudiating them; (c) political differences between a sovereign and unified Japan and a divided and occupied Germany were too obvious for comment; economic differences owed to fact Germans had gone to work and Japanese had wasted their substance. I added that if Japanese people still believed US had not followed a benevolent policy toward Japan it could only be because Yoshida government had not made effort to tell them. I also expressed surprise that Japanese people could be won by purely material means. Ikeda then said Japanese people might be better off today than at war's end but they looked back to pre-war. This was first time Japan had been defeated—Germany had prior experience—and Japanese people blamed America for their present bad situation. I could only repeat that apparently those in government who knew better had made no effort to correct this.

7. This appeared to have some effect on Ikeda. He acknowledged that certain recent Japanese economic, particularly financial, policies had been mistaken, in particular the government has maintained an "import preference subsidy" instead of "export preference subsidy". He intended to have this corrected immediately. He asked what we thought they should do, and I replied it was necessary for Japan to draw up a specific account of what measures they proposed to take to help themselves; this should cover not only short-range situation but period of some years. On basis such a plan we would be willing consider what we could do. Ikeda replied he had written something of sort for Yoshida to give to President last June; he would bring it up to date and give it longer range emphasis, and he wrote this carefully down in little notebook.

8. In response to my question, he said he thought about ten more Progressives would follow three who left party two weeks ago. He added smilingly that he "had to put his own party's house in order before he went to work on the others."

9. He did not mention GARIOA during this conversation; he is certain to have been informed of Okazaki's communication (Embtel 350). [4]

10. On leaving I handed him copy of President's mid-year economic situation report. He said he hoped we could meet frequently for this kind of private conversation. I said I should look forward to our next meeting and that in it I should like to ask him about Yoshida government's plans for dealing more effectively with problem of internal subversion in Japan.

11. Implications of many of Ikeda's remarks most disturbing and have, I believe, great importance for future of Japanese-American relations. I do not wish to comment at length until I have had opportunity to consider matter carefully and discuss it with senior members my staff. I hope to forward Embassy views early next week. [5]

ALLISON

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[4] In this telegram, dated Aug. 13, the Ambassador reported that Minister Okazaki had informally proposed that Japan fulfill its GARIOA obligation by paying the United States $500 million over 20 years, interest free.

The Ambassador continued, "He said government hoped for early settlement and was inclined to favor settlement along political rather than strictly accounting lines. Apparently Foreign Office which, along with Yoshida, had originally preferred settlement involving United States agreement to use payments in Japan for economic purposes, has now come around to Ministry of Finance position namely, that settlement should be along straight financial lines. Okazaki said government desired to separate repayment of debt from any aid program United States might agree to." (794.5 MSP/8–1354)

[5] See telegram 463 from Tokyo, Document 796.

No. 791

Editorial Note

In telegram 374 from Tokyo, August 16, Allison voiced his concern to the Secretary over certain aspects of United States policy in East Asia. The Secretary replied in telegram 395 to Tokyo, August 20. For text of both telegrams, see Documents 253 and 260.

No. 792

Eisenhower Library, Eisenhower papers, Whitman file

Minutes of Cabinet Meeting

[Extract] [1]

CONFIDENTIAL [WASHINGTON,] August 18, 1954—9 a.m.

. . . . . .

Japanese Trade Negotiations—Dr. Hauge [2] reported on the review made in regard to the timing of announcements for these negotiations. He set forth a proposed plan for giving informal notice, about September 1st, to the Tariff Commission of the intent to open negotiations, for sending a secret tentative list of items to the Commission about September 15th, and for issuing a public list of items in November. He noted that this procedure, if approved, would carry out the earlier recommendation of the Secretary of Commerce and still allow completion of negotiations by the deadline of June 12th.

The President questioned the advisability of this approach in preference to delaying initiation and pressing Congress in January for immediate action to extend the authority given in the Reciprocal Trade Agreements Act which expires in June. Dr. Hauge reported the State Department's unwillingness to rely on Congress to extend the Act. Messrs. Wilson, Brownell [3] and Stassen voiced disapproval of resorting to a secret list. Mr. Stassen believed publication of the list would be beneficial by eliminating uncertainty as to items concerned and that the question would not become an election issue in any event for the Democrats would not want to make it one. Mr. Wilson believed the list would not be kept secret. Dr. Hauge suggested the possibility of having the Trade Agreements Committee rather than the President transmit the list to the Tariff Commission.

The President commented that he did not want to endanger the possibility of obtaining a reasonable agreement on Japanese trade by depending on extension of the Act, and he recognized the possible adverse effect publication of the list would have in regard to securing an extension of the Act.

(Secretary Dulles joined the meeting at this point.)

Secretary Weeks stated that Congressional leaders would not at all like having this matter injected into the campaign. The Presi-

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[1] Part of the omitted material is a list of persons present (29).

[2] Gabriel Hauge, Administrative Assistant to the President.

[3] Herbert Brownell, Attorney General.

dent replied concerning his dislike of any failure by Congressmen to live up to their responsibilities in a matter as essential to the national interest as this. The President then recounted parts of the preceding discussion to Secretary Dulles.

It was agreed that Dr. Hauge would again have the subject reviewed to devise a procedure not involving transmission of the list by the President.

. . . . . .

L.A. M[INNICH, JR.]

No. 793

794.5 MSP/7-3054: Telegram

The Secretary of State to the Embassy in Japan [1]

SECRET TOKYO, August 20, 1954—7:25 p.m.

393. Your 235. [2]

1. *Japanese defense plans:* Greatly disturbed report Japanese considering 10 percent cutback defense budget current year. Japanese commitment maintain level defense spending indicated exchange confidential letters April 6 was not contingent upon US providing 17 vessels and no commitment this respect made by US formally or informally. In any event difference in amount yen required for personnel if in JFY54 US provides 5 rather than 17 vessels relatively small and should be utilized other defense purposes if legally possible. (Total number vessels presently programmed for Japan under US FY54–55 is 8.) Since availability additional US vessels doubtful any delay Japanese naval construction program would be most unfortunate. Curtailment troop maneuvers and reduction stock reserve would also appear violate spirit April 6 agreement. Although Japan's economic difficulties appreciated view here economy can support program agreed reference letters and assuming no serious economic deterioration defense appropriation could be substantially increased next year.

2. *OSP.* Reduction MDAP funds to be available this year over last, necessity give special consideration MDAP contract placement US distressed labor areas and Japan's own limited defense program are factors reducing possibilities OSP Japan. OSP naval vessel Japan extremely unlikely. Fact that Japan third largest OSP contractor last year might be used as indication US utilizing

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[1] Drafted in NA and cleared in FE, S/MSA, the Foreign Operations Administration, and the Department of Defense.

[2] Document 782.

Japan's capacities extent feasible. Japanese should be informed US will continue procure in Japan to extent possible but for reasons indicated above prospects maintaining FY 54 level OSP Japan not good. Appreciate broad policy implications this statement but in view circumstances above conclusion inescapable. Possible that portion special $700 million fund Indochina if appropriated and not required Indochina may be used other Asian countries but effect such action on OSP Japan highly speculative at this time.

3. *Facilities assistance:* In addition $10 million already available under Section 550 program limited amount yen for facilities assistance might be forthcoming result possible surplus commodities sales current year. Also possible small amount dollars can be made available under MDAP facilities assistance program but $49 million requested by Japanese clearly unrealistic in light limited new funds (about $20 million globally) tentatively programmed this purpose FY 55.

4. *Military aid:* Illustrative FY 55 program approximately $100 million plus past appropriations military aid Japan considered adequate meet current Japanese planning. See no justification therefore diversion to Japan any portion funds appropriated other areas (viz. Indochina if that becomes possibility).

With respect economic program Meyer recommendations under interagency study. Believe we should emphasize most strongly to Japanese any US military or economic assistance premised on Japanese cooperation and self help.

Re specific recommendations part 4 reference telegram:

(1) emphatically concur; (2) concur; no commitments made Kaihara during recent visit; (3) every effort will be made OSP Japan consistent other considerations; however as indicated above prospect is for decrease under FY54; and (4) long-range strategic role Japan under continuing review, including probable consideration overall policy NSC level. Unable furnish at this time further basis discussion with Japanese. However as was told Kaihara it can be stated U.S. looks to Japan for expeditious development forces which along with U.S. and other Allied forces FE will be capable maintaining internal security and defending Japan against Communist attack.

Defense and FOA concur this message.

DULLES

No. 794

894.00 TA/8-2354

Memorandum by the Assistant Secretary of State for Far Eastern Affairs (Robertson) to the Secretary of State [1]

CONFIDENTIAL [WASHINGTON,] August 23, 1954.

Subject: Establishment of an FOA Mission in Japan

Officers of the Department have had an opportunity to examine the report of the recent Meyer Mission to Japan and to talk with Mr. Meyer, who has stated that Governor Stassen has approved the report.

Substantively the Meyer report says that more positive economic assistance to Japan is required than has been extended in the last two years, but also says that the sale for yen of surplus agricultural products is the only appropriate form of direct aid to Japan at this time. Organizationally Meyer recommends that if a decision is made to sell substantial amounts of surplus agricultural products to Japan for yen a small FOA Mission should be established in Japan with responsibility for representing the U.S. interest in this program and with a chief of Ministerial rank. Ambassador Allison concurs, "*provided* a U.S. program of economic assistance for Japan is developed which in size and scope would justify such establishment". [2]

In recommending an agricultural surplus program of about $100 million a year, the Mission took no cognizance of the limitations of sales to Japan which may arise from terms of the Agricultural Trade Development and Assistance Act. It is by no means assured that sales of this magnitude will be feasible under those terms. The question cannot be resolved until the President has issued an Executive Order governing execution of the Act and until negotiations with Japan have proceeded. No substantial volume of yen proceeds requiring administration could accrue for some period after sales are agreed.

The Congressional policy that the FOA should expire at the end of the current fiscal year is also a relevant consideration.

Moreover, recent political developments in Japan suggest the desirability of moving cautiously at this time with respect to economic assistance.

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[1] Drafted in NA and concurred in by S/MSA, E, and OFD.

[2] The quotation is from an attachment to the Meyer report entitled "Supplemental Statement by the Embassy".

Recommendation

It is recommended that you inform Governor Stassen that a decision on the establishment of an FOA Mission should be withheld until the Executive Order under the Agricultural Trade Development Act has been issued and the extent to which Japan may be able to take advantage of the Act, including the uses to which yen funds might be put, can be better determined. A letter to Governor Stassen for your signature is attached as Tab A. [3]

[3] Not printed. The attached letter was not sent as drafted. For text of the letter as sent, see Document 797.

No. 795

794.5 MSP/8–2454: Telegram

The Ambassador in Japan (Allison) to the Department of State

SECRET TOKYO, August 24, 1954—7 p.m.

441. Regarding Department's 382 [1] and paragraph 2 Department's 405. [2] Okazaki called me in urgently this afternoon to state that over week-end Yoshida had decided he did not agree with GARIOA settlement formerly proposed and forwarded my 350. According to Okazaki, Yoshida said Japanese counterproposal not generous enough and not sufficiently close to German settlement. Okazaki said that while Finance Ministry and Foreign Office were still undecided as to final exact amount of new counterproposal it would be in neighborhood of 550–600 million dollars with interest 2½ percent, payments to be after five years and extend for thirty years. Okazaki showed me preliminary Finance Ministry figures which included subtraction from total amount on account of coal furnished Korea. I informed Okazaki it was my recollection that United States had already subtracted this item before it submitted its first proposal. It was agreed that Diehl and Takeuchi would discuss figures, but Okazaki said Prime Minister wanted me to be informed at once of new proposal. New proposal has two conditions:

[1] In this telegram dated Aug. 19, the Department expressed approval of the Japanese desire for an early GARIOA settlement but stated: "Offer reported your 350 [see footnote 4, Document 790] not regarded as worthy submission." The Department then reiterated its position that the United States should seek a settlement along the lines of that with the Federal Republic of Germany. (794.5 MSP/8–1354)

[2] Dated Aug. 23. In paragraph 2 the Department reported that Ambassador Iguchi had been informed the previous day that the United States considered an interest-free $500 million GARIOA settlement as unacceptable. (110.11 DU/8–2354)

First, which I understand we are prepared to agree to, is that provision be made that if during period of payment Japan's foreign exchange position becomes critical, payments can be postponed by mutual agreement.

Second, payments for initial period of five to seven years be made in yen to be returned to Japan for use in economic development internally or "for Southeast Asia." Okazaki was frank to state Burmese reparations negotiations have impressed on Japanese not only necessity but difficulty of settling reparation problems unless some aid was given. Burmese have maintained that politically they cannot accept less than Philippines or 400 million dollars. They have suggested, however, that inasmuch as Japanese proposal to Philippines was 400 million dollars over twenty years, Burmese might be willing to accept 200 million over ten years, inasmuch as present Burmese Government has 10 year economic program which this would fit into. However, for ten year period Japan would be obliged to make payments to Philippines and Burma totalling 40 million dollars annually. If to this sum is added an equal sum for Indonesia, Japan would have to pay 60 million annually on reparations account. It is to help out on this that Yoshida thinks GARIOA settlement can be useful along lines suggested above. Okazaki said that if direct way of using GARIOA repayment to help refinance reparations could not be developed, it is Yoshida's hope that these payments in yen could be used to finance internal development such as hydroelectric power, irrigation, and land reclamation. He said Japanese officials would work with American to ensure use of these funds would not be inflationary.

This is in essence similar to what Embassy has previously recommended and I urge that most serious consideration be given to accepting this condition provided that final agreed sum is satisfactory to United States. If it is in United States interest, as I believe it is, to help Japan reestablish normal diplomatic and economic relations with free nations of Southeast Asia, I believe we here have real opportunity for constructive action.

ALLISON

No. 796

611.94/8–2554: Telegram

The Ambassador in Japan (Allison) to the Department of State

CONFIDENTIAL TOKYO, August 25, 1954—7 p.m.

463. Reference Embtel 365.[1] Ikeda's statements are only the latest and most official of a long series of incidents which shed light on the true intentions and position of the Yoshida Government. The attitude displayed, which, in brutal terms, is that Japan is for sale to the highest bidder, is not one which can commend itself to us as praiseworthy in any ally.

We have been assuming that Japan is potentially a strong ally and that the Japanese want to assume this role as soon as their economic and political situation permits. The present government has given lip service to this idea but many of its actions prove otherwise. These actions indicate that Japan does not consider itself an ally or partner of the United States but rather a nation which for the time being is forced by circumstances to cooperate with the United States but which intends while doing so, to wring out of this relationship every possible advantage at the minimum cost.

I do not believe we should conclude that Japan is hopeless. Rather we should realize that the Japanese in spite of their modern buildings, their TV sets and English-speaking leaders are still Japanese—just one hundred years from feudalism. We should remember that Japanese have no abstract sense of right or wrong—their guide to conduct is situational and specific rather than general and ideal. As a shrewd American scholar has said: "In the West we tend to build up a universalistic ethic which equates all individuals in their relationship to God or to society. In the Far East relationships tend to be specific". In Japan, this same author points out, "proper conduct depends upon the specific status of the one man and his particular relationship to the other".

For the United States this means, I believe, that we must realize Japan has no basic convictions for or against the free world or communism. The attitude toward either at any particular time depends upon specific situations and upon whether in the eyes of Japanese leaders cooperation with the one or the other will advance Japanese interests. It follows Japanese must be convinced that ours is winning side, that any setbacks in Europe or SEA do not affect this fundamental fact, and that only in free world can Japanese work out truly national destiny. And we must also persuade them that

[1] Document 790.

we recognize that they are primarily an Asian power and that we desire to assist them in working out their position in Asia just as we have sought to recreate a position for Germany in Europe.

Finally if it is true that Japanese leaders will cooperate with us only if in their eyes cooperation will advance specific Japanese interests, it is essential that we develop some method of making clear to the Japanese that they need us at least as much if not more than we need them and that this situation will continue for some time to come. Recent press stories from the United States detailing the concern of the American Government and people lest Japan's economic situation force it into the Communist camp have given the opposite impression. We must also at all times emphasize that any aid we give Japan in the political, economic or military field is forthcoming only to make up the extra margin needed after Japan has done all she can for herself.

Further comments and specific suggestions for action will be forwarded in response to Department's 369. [2]

ALLISON

[2] In this telegram, dated Aug. 18, the Department asked for résumés of current issues to aid in briefing the Secretary for his projected stopover in Japan following the Manila Conference. (396.1 MA/8–1854) Dulles was in Japan Sept. 9–10, 1954.

No. 797

894.00 TA/8–3154

The Secretary of State to the Director of the Foreign Operations Administration (Stassen) [1]

CONFIDENTIAL [WASHINGTON,] August 31, 1954.

DEAR GOVERNOR STASSEN: I refer to your letter of August 5, 1954, attaching a copy of Mr. Clarence E. Meyer's report on Japan and to

[1] This letter, drafted in NA, is filed as an attachment to a covering memorandum from Robertson to the Secretary, which reads:

"Governor Stassen and I had a long talk on this subject yesterday. There was no doubt in the Governor's mind that we will have a substantial program of agricultural surpluses for Japan. Since this is the one condition which we have been placing upon the establishment of an FOA mission, I concluded that it would be best to agree without further delay to the establishment of such a mission.

"Governor Stassen emphatically agreed with our position that nothing should be done which would weaken the measures which Japan must take to solve its own economic problems. Since the establishment of a mission in itself could arouse undue expectations, this will require very careful handling.

"I have accordingly revised the letter to Governor Stassen which was prepared for your signature."

To this recommendation S/MSA filed a dissenting memorandum, not found in Department of State files.

our conversation of August 9, when you expressed the opinion that we should adopt a program making available $100 million worth of raw materials, principally food, each year for three years to be handled through an augmented FOA organization in Japan.

Now that the Agricultural Trade Development and Assistance Act [2] is law and since an executive order under this Act will soon be issued, it is appropriate to consider the expansion of the FOA organization in Japan, as the Meyer report has recommended. As I understand you are now convinced that Japan can procure substantial quantities of agricultural products, I am glad to approve in principle the recommendations in the Meyer report.

It is, of course, important to give full recognition to the complex and intimate relationship between political and economic factors in Japan. I am sure you agree that due to the political situation there it would be unwise for the United States to take any action which would create undue expectations with respect to future United States economic assistance in Japan or which would, for any reason, cause the Japanese to relax their own efforts to create a sound economy in the shortest possible time. I feel as you do, that a small, highly competent FOA organization in Tokyo, together with the assignment of Mr. Meyer, will further strengthen the efforts which the United States Government has been making for several years, with considerable effectiveness, to persuade the Japanese Government to take these internal measures of self-help which, as the Meyer report properly points out, are the prerequisites to the development of a sound economy and the effective use of assistance of any sort from the United States. Mr. Meyer will, of course, be informed of these political considerations and of the importance of further developing interrelated political and economic policies with respect to Japan.

I agree that no time should be lost in completing the steps necessary for carrying out these plans. Details should, of course, be worked out with the Embassy. The manner in which the move is made known to the Japanese and to the public will be important politically and should be planned in close cooperation between our agencies.

Sincerely yours,

JOHN FOSTER DULLES

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[2] P.L. 480, approved July 10. (68 Stat. 455)

No. 798

794.5/9-2154

Memorandum by the Ambassador in Japan (Allison) to the Secretary of State [1]

SECRET [TOKYO,] September 9, 1954.

1. The negotiation of next year's Japanese defense budget (and Japan's share of USFJ local costs) will bring to the fore perhaps the most important decision the US has had to make in Japan since the peace treaty went into effect.

2. Last year we succeeded in obtaining a moderate increase in defense spending and the Japanese force goals after a major strain in our relations, the exercise of strong persuasion at the highest level, and the inducements of expanded OSP and the prospects of additional economic aid. In June, two months after our mutual understanding had been recorded in an exchange of letters with the Foreign Minister, the budget (including the defense budget) was cut 10% without notice to the U.S.

3. This year we are already on notice that the Japanese intend to cut their defense budget and to reduce their support for USFJ. This planning decision results from:

a. declining OSP and special dollar earnings;
b. Japan's determination to maintain the outer limit of its one trillion yen austerity budget;
c. Japan's prospective assumption of GARIOA and reparations payments;
d. a growing feeling in Japan that the world situation has shifted to a period of relaxation;
e. a gathering force of neutralism in Japan, which has increased greatly in the past year and is now probably the dominant opinion in the country.

4. The force of Japanese neutralism should not be underrated. It is fed by *military considerations* (participation in war on either side in a thermonuclear age would mean the extinction of the Japanese people); by *economic* (Japan suffered greatly in the last war, while neutrals such as Sweden, Switzerland, and India profited; Japan itself profited hugely from the Korean War); by *political* (a deep racial sentiment that Japan should not fight against Asians on the side of Western powers); and by *social* (the effort to prepare for war is too great; it would bring back a military ascendancy; it would

[1] For background information concerning this memorandum, see the letter from Parsons to McClurkin, Document 802.

entrain severer domestic consequences than accommodations and compromises with any potential enemy).

5. It is possible that, by a major effort which would shake US-Japan cooperation to its foundations, we could off-set these considerations and obtain the same, or a slightly higher, level of military expenditure by Japan—for another year at least. This would involve the exertion of great persuasion and unquestionably a substantial increase in economic aid. And the amount of persuasion and the close link between a military build-up and economic aid would largely nullify the friendly benefits we should expect from expanded assistance.

6. Before we make this effort which will wrench our cooperation and alienate increasing numbers of Japanese—and before we decide to foot the bill, one way or another, for whatever slight military increases we can obtain—we should take a hard look at the practical gains and losses involved. This will involve a searching examination of a number of our assumptions about Japan and the Far East. Among the most important questions to be asked are:

a. Do we expect war with the Soviets or Chinese Communists so soon as to compel the most rapid accumulation of military power at any cost, economic or political? If we do, this controls the case. If we think however we are in for a longer pull in which the cold war may continue for decades—unless there is an accident of miscalculation—then our effort should be directed more toward the development of durable relationships within the non-communist world. Is not our basic objective a strong, independent Japan living within the diversity the free world permits?

b. To what extent have our strategic concepts for Japan been refined by special weapons developments? From the strategic point of view, how useful is Japan as a base for military operations? There are more than fifty bases in the Soviet-Chinese-North Korean air complex which can cover every industrial area in Japan with *light* bombers. They similarly cover our own eight air bases and three navy stations. Reduction of all these Japanese areas could be accomplished with nuclear weapons in a matter of minutes, not months. In the event of war, Japan as a defensive base would be burdensome; as an offensive base it could quickly be nullified.

c. If these conditions obtain for existing plant, what is the justification for our insistence that US economic aid, OSP, and surplus agricultural counterpart should be directed exclusively toward the expansion of defense industries? Does not this commit our forces to their protection, reduce our flexibility, and increase our burden of protecting a virtually indefensible area against enemy capture or interference? If the Japanese were in position to make a more substantial contribution to their own defense, the affirmative case for the development of a defense industrial base in Japan would be stronger. In present circumstances, and in a situation in which we are inactivating defense industries in the US, the present dedica-

tion of economic aid in Japan to defense industry seems to require re-examination.

d. How feasible economically and over what period of time, are our force goals for the Japanese? So far as the Embassy is aware, no accurate projections of the ultimate costs of the Japanese defense establishment have ever been compiled. What share of Japanese national revenues will have to be devoted to the support, maintenance, and renewal of Japanese ground, sea, and air forces? Over the longer run, what are the assumptions of US contributions to this establishment? What are the prospects for expanding Japanese exports—from their present billion dollar a year deficit—sufficiently to pay these costs plus: a) servicing Japan's foreign exchange obligations; b) modernizing its largely obsolescent industrial plant; c) contributing to underdeveloped SEA area; d) providing food and jobs for a population that is steadily increasing by ½ million a year with an annual net increase of employables of 800,000; e) paying GARIOA reparations and other World War II external obligations?

e. How practical is it to continue our support and our advocacy of expanded and modern military forces and an industrial mobilization base in a country where the most rudimentary internal security controls have yet to be established? No legal definitions of treason, espionage, or state secrets exist. The communist party, the communist fronts, and communist labor unions are all legal, flourishing, and unmolested. No program of protection against industrial sabotage has ever been discussed. So primitive is the situation that it now seems probable that the Japanese civil service accomplices of Rastovorov [2] can be prosecuted only for illegal currency transactions under the Foreign Exchange Law.

7. These are not questions which can be answered in a day. If the Secretary approves, the Embassy would propose to initiate a study of them, jointly with other US agencies in Japan, with a view to submitting a reappraisal of our Japan position prior to Mr. Yoshida's arrival in Washington.

8. This reappraisal would necessarily include an examination of an alternative course of action. The premise would be defense against attack from *within*, not *without* as at present. It would require a shift in the emphasis of our policy over the immediate period ahead from defense to economics and internal security. We would then seek to use economic aid—or Japan's foreign exchange obligations to us—to promote the reintroduction of Japan into the world trading community, to solve the reparations deadlock and foster SEA economic regionalism, and to modernize Japan's industries. We would insist that the Japanese Government deal effectively with the problem of internal security, the communist manip-

[2] In a press release dated Aug. 13, the Department announced that Yuri Alexandrovich Rastovorov, a former official of the Soviet Mission in Japan, had asked for and received asylum in the United States. For text, see Department of State *Bulletin*, Aug. 23, 1954, p. 271.

ulated press, the leftist-controlled schools. We would seek to assist in creating a stronger Japanese government at home and in increasing the prestige and participation of Japan in Asian and world affairs.

9. This would involve, for some years, an acquiescence in the military impotence or neutralization of Japan. But until a stronger Japanese Government comes into being, until there is a recovery of national spirit and purpose, until Japan's international economic position is considerably improved, and until there is an effective internal security system, this acquiescence would be no more than a recognition of the facts of the situation. It would mean, once again, that given a rough balance of (atomic) power, what we are striving to develop is the strength of the non-communist world, not the maximum military forces in being that they can build. We do not follow such a course ourselves.

10. Out of such a shift in our policies should come a stronger and, very possibly, a more cooperative Japan. Unless there is such a Japan our military assistance program will have no future. We should not of course abandon our military aid program, but we should limit it to what the Japanese decide they wish to have and we should be prepared to proceed with the relocation of the Far East Command and the withdrawal of our forces on whatever schedule the US national interest alone dictates. Paradoxically, for Japan, the absence of US insistence that Japan increase its military forces and the conviction that the US has only a secondary strategic interest in Japan may do more to establish valid and reciprocal defense commitments than any other course of action we might select.

J. M. ALLISON

No. 799

611.94/9-1054

Memorandum by the Commander in Chief, Far East (Hull) to the Secretary of State

TOP SECRET TOKYO, 10 September 1954.

Subject: Matters of Concern to the Far East Command with Respect to Japan

This Memorandum is intended to serve as a reminder of our discussion of the items enumerated herein and as a possible basis for your position during conversations with Prime Minister Yoshida should either you or he choose to raise these subjects.

. . . . . .

2. *Failure of Japanese to Carry Out Okazaki–Allison Agreement of 6 April 1954.* [1] In the matter of rearmament, I have long felt that Japan has been able to do a great deal more than she seems willing to commit herself to accomplish. I feel that a ground force consisting of 10 active divisions, backed by 5 additional reserve divisions fully organized and trained, would be adequate for the ground defense of Japan, provided this force is properly supported by air and naval elements. Japan now has 4 divisions. A 5th division is presently being formed. Japan has a commitment to raise a 6th division by 31 March 1955, a commitment made in the exchange of diplomatic notes on 6 April 1954. In that exchange, the United States agreed in good faith to a reduction of $7,000,000 in the amount of the Japanese contribution to the support of United States forces in Japan on the condition that, among other things, Japan would augment her ground forces to 6 divisions by 31 March 1955.

The present trend of events, however, indicates that Japan will probably not meet the commitment for the development of forces which she made in the agreement mentioned above. Japanese officials are now publicly stating that it will be necessary for Japan to reduce by 10% the size of the forces that will be raised this year. If this reduction is placed in effect, I believe the United States should view it as a wholly unsatisfactory degree of fulfillment of the agreement between the two countries and as a basis for possible renegotiation of the agreed reduction in the amount of the Japanese contribution to the support of United States forces in Japan.

3. *Necessity for Japanese Planning Prior to United States Commitment of Support.* The United States is in a difficult position with respect to the support of Japanese military forces because the United States Congress wishes to appropriate funds for assistance only after assurance is received that the Japanese will raise the specified forces for which the American assistance is required. On the other hand, the Japanese wish to make their plans only after they know what assistance the United States will provide. It would be of tremendous assistance in the common effort if the Japanese Government would approve some long range plan for its own military services and would confirm its intention of providing for their support. Admittedly, the Japanese military forces are subject to appropriations by their own government, but without a willingness on the part of the Japanese Government to program forces at least a year in advance and then support those forces, we cannot develop supply deficiencies upon which to base requests for United States appropriations. The United States Mutual Defense Assistance Pro-

[1] Regarding this agreement, see Document 752.

grams have considerable flexibility and can usually be modified through reprogramming to meet variations in programmed Japanese military forces caused by modifications made by the Japanese Government in its legislative and appropriation processes provided the program was initially considered reasonable by our MAAG representatives.

4. *Japanese National Defense Highway.* The Prime Minister has sought our comments on his plan for the development of the Japanese National Defense Highway System. The United States Army engineers have furnished representation on a joint US–Japan Technical Committee which has developed a desirable Japanese defense highway network. The estimated cost is $913,552,000. So far, the Japanese have not developed a plan for financing this construction. It is probable that the Prime Minister will ask for these funds on his visit to the United States. The representatives of the Far East Command assisted in developing a plan for a desirable highway system for defense without consideration of the desirability of such a highway system to the Japanese economy. They have not committed the United States in any manner.

5. *Industrial Mobilization Plan Prepared by Minister Aichi.* A second method through which Japan hopes to secure a large contribution of American dollars is through an industrial mobilization plan submitted by Minister Aichi.[2] It has always been United States policy to utilize offshore procurement only for the valid end item requirements of forces which are either in existence or definitely programmed. Mr. Aichi visualizes United States procurement in quantities five times as great as will probably be justified by the forces that will be raised. For example, his "normal annual requirement" of the Japanese Defense Forces is stated as $207,000,000 in offshore procurement, whereas, considering valid end item requirements, we would expect to provide only on the order of 25% of that amount in offshore procurement. It is important to make clear to Mr. Yoshida that United States military aid funds will be forthcoming only in support of forces actually in existence or programmed and not for the primary purpose of economic assistance.

6. *Japanese Leadership in the Far East.* Japan possesses many qualities, potential and otherwise, which fit her to assume a role of leadership in the Far East in the fight against Communism. Japan should be brought to the realization that the fulfillment of this leadership role should be her ultimate aim. It is my belief that the United States would like Japan to assume the leadership among anti-Communist forces in the Far East. This will require a consid-

[2] See telegram 235 from Tokyo, Document 782.

erable effort on the part of Japan. It has been my hope that knowledge that the US will withdraw its forces from Japan as soon as it can safely do so would inspire the Japanese to expend an adequate effort on their rearmament program. Certainly, as an interim objective, Japan must first rearm sufficiently to provide for her own defense. She must next strive to gain the confidence of her neighbors and be prepared to make a substantial contribution to the defense of the regional area of which she is a part.

J. E. HULL
General, United States Army

No. 800

794.5 MSP/7-3054: Telegram

The Acting Secretary of State to the Embassy in Japan [1]

CONFIDENTIAL WASHINGTON, September 10, 1954—8:20 p.m.

551. Your 235.[2] Japanese Embassy informally submitted to Department September 10 breakdown defense cuts JFY 54 expenditures. Of 78.830 billion yen appropriation for National Safety Agency, only 46.4 billion yen susceptible to reduction in view standing expenses for salaries personnel etc. Thus 4.545 billion yen cut in defense budget is 5.7% cut in 78.830 billion yen figure but 9.7% cut in 46.4 billion figure. Also undefined cut in 14 billion yen carryover. Reduction explained grounds 9.3% decline price levels since February 1954. Navy budget cut 31 million yen because delay completion vessels by Japanese and 230 million yen because failure US deliver anticipated vessels. Disposition savings to be determined next session Diet.

Question why savings could not be used procurement additional matériel, i.e., naval vessel, answered in terms legislation and political difficulties such action. Tanaka made point that except for naval recruitment program, defense cuts would not affect US–Japan agreement on expansion forces.

Does foregoing coincide your understanding issue and outcome your discussions Okazaki per last para Part III urtel 235?

SMITH

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[1] Drafted and approved for transmission in NA.
[2] Document 782.

No. 801

Eisenhower Library, Eisenhower papers, Whitman file

Memorandum of Discussion at the 214th Meeting of the National Security Council, Denver, September 12, 1954 [1]

[Extracts]

TOP SECRET EYES ONLY

Present at this meeting, held at Lowry Air Force Base, Denver, Colorado, were the following: The President of the United States, presiding; the Vice President of the United States; the Secretary of State; the Secretary of Defense; the Director, Foreign Operations Administration; and the Director, Office of Defense Mobilization. Also present were the Secretary of the Treasury; the Attorney General; the Director, Bureau of the Budget; the Chairman, Atomic Energy Commission; the Director, Federal Bureau of Investigation; the Chairman, Joint Chiefs of Staff; the Director of Central Intelligence; Robert Cutler, Special Assistant to the President; Robert R. Bowie, Department of State; Bryce Harlow, Administrative Assistant to the President; and the Executive Secretary, NSC.

Following is a summary of the discussion at the meeting and the main points taken.

1. Report by the Secretary of State [2] (NSC 5429/1 [*2?*]) [3]

. . . . . .

Secretary Dulles said that in Japan he had had lengthy meetings with Premier Yoshida and Foreign Minister Okasaki, and a separate talk with Ikeda. Secretary Dulles had explained U.S. redeployment policy and, as far as he could judge, Yoshida seemed to understand it and accept it.

Secretary Dulles said that the talks had indicated that economic matters were of considerable concern to the Japanese. The Japanese economic situation actually is improved, because of their austerity program and their good crop this year. They have almost enough rice for domestic consumption. In fact, the Chinese Nationalists were complaining that the Japanese were not buying Formosan rice. The Japanese trade deficit last year was about $1.1 billion. It is expected to be considerably less this year, and may be

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[1] Drawn up by Lay on Sept. 13.

[2] For the remainder of the memorandum of this portion of the meeting, see vol. XII, Part 1, p. 903.

[3] For text of NSC 5429/2, Aug. 20, "Review of U.S. Policy in the Far East", see *ibid.*, p. 769. NSC 5429/1, Aug. 14, same title, is not printed. (Both in S/S–NSC files, lot 63 D 351, NSC 5429 Series)

manageable if Japan can find some export markets in Southeast Asia. Secretary Dulles told Yoshida frankly that Japan should not expect to find a big U.S. market because the Japanese don't make the things we want. Japan must find markets elsewhere for the goods they export.

Secretary Dulles said the big problem economically for Japan at present is the question of reparations, particularly with the Philippines, Indonesia, and Burma. He had told Yoshida that this presented a real dilemma, since that Japanese economy can't stand sizeable reparations but can't be built up without a reparations settlement. He suggested that Yoshida try to accept a reasonable settlement such as the recent Burmese offer, which appeared to be a reasonable proposal. Yoshida assured Secretary Dulles in the most emphatic terms that the outward evidence of anti-Americanism was not truly the feeling of the Japanese people. Secretary Dulles said that he feels no doubt that the Communists are making progress on that campaign, however.

Secretary Dulles expressed the belief that we may have to lower our sights on Japanese rearmament. We must measure the value of military forces in being against the political support as to how and when they may be used. He feels that General Hull and Ambassador Allison agree. General Hull recently made a trip to Hokaido, where he observed the air facilities being built on a series of islands in the Kuriles. There were 50 MIG's on the nearest island, and if the buildup continues at its present rate the Russians will have more air power there than our entire Far East Air Force. The President commented that while we had spent many months arguing about the responsibility for losing China, we had just given away the Kuriles. He said he had never understood why in the name of God we did it, and that he thought it constituted the "damnedest stupidity".

In answer to the Attorney General's question whether Japan would need rice from Indochina, Mr. Stassen said that he did not believe so, although Japan was buying a little rice from Pakistan and Thailand. In answer to the President's question, Mr. Stassen said some progress was being made in persuading the Japanese to eat wheat. In answer to the Vice President's question regarding the impression Magsaysay [4] made on the other people at the Manila meeting, Secretary Dulles said that he saw more of Magsaysay than the others, who did not get a chance to have an adequate impression. Secretary Dulles said that Magsaysay had told him how he, Magsaysay, had dealt with the Communists, and that it would make your hair stand on end.

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[4] Ramon Magsaysay, President of the Philippines.

The National Security Council:

Noted an oral report by the Secretary of State regarding the signing of the Southeast Asia Treaty and his visits to Formosa and Japan.

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JAMES S. LAY, JR.

No. 802

794.00/9–1654

The Deputy Chief of Mission in Japan (Parsons) to the Acting Director of the Office of Northeast Asian Affairs (McClurkin)

SECRET
OFFICIAL–INFORMAL

TOKYO, September 16, 1954.

DEAR BOB: As we have just learned that Ken Young is moving over to PSA, I have the pleasure of writing to you directly again. [1] By the time this reaches you, you may have heard of an Embassy memo dated Sept. 9th, copies of which we gave to Doug MacArthur and Rod O'Connor. This memo is our preliminary effort at a local "new look" at our policies and tactics in Japan. In case the text has not yet reached you via the officers mentioned, I am enclosing two copies.

I should like to repeat that this memo is preliminary. It represents a synthesis of views expressed on the morning of the 9th at a meeting in the Ambassador's office attended by Jerry Higgins, [2] George Morgan, [3] Duke Diehl, Bill Leonhart and myself. A remarkable aspect of the meeting was that the views expressed from the various viewpoints of the speakers—political, economic, military, etc.—were so consonant with each other. The result was that we all readily concurred and the Ambassador approved the memo which Bill Leonhart put together with his usual speed and skill.

A copy of this memo was given to General Magruder on the 10th at the close of our Embassy meeting, which he attended, with the Secretary and his principal advisors. I expect tomorrow to learn his reaction. We have commenced active studies in pursuance of the line of thinking set forth in the memo and have set as a tentative target October 1 for drafting a more definitive paper on the views

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[1] Young became Acting Director of the Office of Philippine and Southeast Asian Affairs on Sept. 13. McClurkin became Acting Director of NA on Sept. 9.

[2] Apparently Maj. Gen. Gerald Higgins, Chief of the Military Assistance Advisory Group in Japan.

[3] Counselor of Embassy.

of the Embassy, the MAAG, and, I hope, FEC (to the extent that FEC wishes to contribute).

We have been encouraged to undertake this venture by the reception accorded to the memo by the Secretary, Doug MacArthur, Bill Sebald, and Rod O'Connor, all of whom read it while in Tokyo. The Secretary indicated at our meeting that he would like us to pursue our thinking further along these lines and he did not take issue with any of the points made. In fact, in talking to us, he said a number of things which paralleled the general tenor of the memorandum.

I hope this exercise will prove helpful and that we will complete it well before Mr. Yoshida arrives in Washington. In the meantime, I hope you will not be shocked by the new slant to our thoughts. There is one matter of importance not treated in the memo, namely, what attitude we should take towards the continuance in office of Mr. Yoshida. We will handle that separately but I think we here are increasingly of the view that we would welcome his elevation to the role of senior statesman and adviser somewhat after the manner of the old Genro.

Yours sincerely,

JEFF

No. 803

794.5 MSP/8–1954: Telegram

The Acting Secretary of State to the Embassy in Japan [1]

CONFIDENTIAL WASHINGTON, September 16, 1954—5:35 p.m.

588. Tokyo also pass CINCFE. Your despatch 241. [2] Japanese request orally transmitted through Japanese Embassy that $40 million section 550 yen be utilized procure naval vessels Japan for Japanese forces discussed Defense and FOA. This yen fund earmarked for payment existing MDAP/OSP contracts. Therefore Japan proposal procure additional items not presently programmed Japan not acceptable since diversion dollar funds from other MDAP projects would be required.

In view Japanese concern prospect reduced dollar receipts MDAP/OSP, Defense agrees instruct FEC make payments against contracts 50 percent dollars 50 percent yen until $40 million yen fund exhausted.

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[1] Drafted and approved for transmission in NA.

[2] See telegram 363 from Tokyo, Document 789.

Estimate total outstanding MDAP/OSP contracts $88.5 million basis total contracts placed FY1952 through FY1954 less payments made through July 31.

Japanese Embassy informed this proposal at regular meeting economic section September 16.

Defense and FOA concur this message.

SMITH

No. 804

794.5 MSP/9–1654: Telegram

The Ambassador in Japan (Allison) to the Department of State

CONFIDENTIAL TOKYO, September 16, 1954—6 p.m.

644. Re Deptel 551. [1]

1. Breakdown defense budget cut submitted by Japanese Embassy substantially accurate. Detailed NDA, budget figures recently obtained through unofficial channels also indicate cut of 5.7 percent in 78.8 billion yen figure. Cut more severe if calculated on basis original budget approved by Diet—81.4 billion yen of which Finance Ministry allocated only 78.8 billion yen.

2. MAAG believes budget cut will seriously hurt morale and training effectiveness defense forces, specifically

(1) Activation of units and induction of personnel will be postponed as long as possible;

(2) 26 percent cut in POL and 17 percent cut in training funds in addition to other cuts in funds for transportation will drastically reduce troop movements, training exercises despite major need for platoon to division training;

(3) Stock levels already inadequate will be further reduced (many vehicles presently inoperative due to shortage spare parts);

(4) Construction and shipbuilding both cut 10 percent despite inadequacies of present facilities and need for naval vessels;

(5) Fuel cut 11.6 percent with every prospect troops moving to Hokkaido will have totally inadequate heating facilities. In effect, while budget cuts will not effect projected force levels of end of JFY 1954, except for Navy, effectiveness and quality of Armed Forces materially reduced.

3. Explanation of cuts on grounds 9.3 percent price level decline not considered valid. Most recent wholesale price index indicates price decline only 7 percent.

4. With respect to disposition of savings, Japanese Government has authority with approval Finance Minister and Prime Minister

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[1] Document 800.

to shift funds to procurement additional defense items. However, present indications are government will not utilize authority.

5. Foreign Office has delayed making formal approach to Embassy on budget cut ostensibly on ground details not yet available for presentation. Foreign Office apparently embarrassed by failure recall provisions Allison–Okazaki letters of April 6 and seek US consent prior to cutting defense budget.

ALLISON

No. 805

790.00/9–2854

Memorandum of Conversation, Prepared in the Embassy in Japan [1]

SECRET [TOKYO,] September 20, 1954.

Participants:

Japanese Foreign Office:
Mr. R. Takeuchi
Mr. Nakagawa [2]
Mr. Yukawa [3]
Mr. H. Takeuchi [4]

American Embassy:
Mr. Parsons
Mr. Morgan
Mr. Kerr
Mr. Diehl
Mr. Leonhart

This was one of the meetings held alternately every three weeks from 5 to 7 at the Imperial Hotel and the Parsons house and attended by Bureau Directors and senior Embassy officers. There was

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[1] Attached to a letter from Parsons to McClurkin, which reads:

"I enclose a self-explanatory memo of a conversation with Foreign Office Bureau Directors on September 20. You will note that Mr. Takeuchi made it a point to be particularly friendly whereas on Friday the 24th in a formal session with other Japanese Government agencies and our military people present, he accused the United States of premeditated bad faith.

"The memo is misleading at the very end of Section I or perhaps, better, the Japanese were misleading in implying that Yoshida's visit would be of a ceremonial character only. Evidence is accumulating indicating concerted and serious efforts to garner 'presents'."

Concerning the incident of Sept. 24, see the enclosure to Document 809.

[2] Perhaps Toru Nakagawa, Director of the Asia Bureau of the Deliberation Office.

[3] Morio Yukawa, Director of the International Cooperation Bureau.

[4] Harumi Takeuchi, Chief of the First Section in the Bureau of European and American Affairs.

an atmosphere of greater friendliness, frankness, and congeniality than at previous meetings, with Mr. R. Takeuchi apparently making a particular effort to be affable. The conversation ranged over a wide variety of subjects of which the following were discussed at greatest length:

1. *The political problem of Mr. Yoshida.* Internal politics as a theme was chosen by the Japanese, presumably by pre-arrangement. Mr. Takeuchi said that it was extremely difficult even for well-informed Japanese to assess recent domestic political developments. The significance of the Hatoyama–Shigemitsu statement is being variously interpreted. He illustrated the point further by describing his recent conversations with three highly placed Japanese, one of whom interpreted the recent trend as indicating that Mr. Yoshida would be forced out of office before the end of the year; the other as indicating the probable retention of power by Mr. Yoshida beyond the first of the year. The third said that he didn't know what to expect. To Mr. Takeuchi the significant item was that none of the three even mentioned the possibility of Diet dissolution and an election.

Mr. Takeuchi then launched into a long history of the Surrender Cabinet and the role which he and Mr. Okazaki played in the Central Liaison Office. He implied that he at that time was a Shigemitsu man. Throughout this conversation it seemed that Takeuchi wished to convey the information that he still regards himself as somewhat detached from the Yoshida regime whereas, so he said, Okazaki was now too closely identified with Yoshida. The freedom with which he spoke of this in front of the others, added to Mr. Nakagawa's aside to Mr. Morgan that it really didn't matter from a U.S. point of view whether Mr. Yoshida retained power or yielded to Mr. Hatoyama or Mr. Ogata, gave the impression that the prevailing view in the Foreign Office might be similar to that of Mr. Takeuchi.

Mr. Takeuchi noted, almost with an air of approval, that the U.S. had not given any presents to Mr. Yoshida this time, at which point the conversation turned to the significance of the Department's statement of April 1953 which, one of the American officers ventured, had perhaps not had any real influence on the outcome of the election except perhaps to cause resentment because of the apparent intervention. Mr. Takeuchi disagreed, saying that the statement was taken by the Japanese people as a very clear indication that the U.S. was backing Mr. Yoshida and many then voted for him because of that backing. It seemed significant that in discussing the lack of presents for Mr. Yoshida, no mention was made of the imminent establishment of a USOM in Japan or of the sug-

gested top-level committee on MDA about which Mr. Shimoda [5] had approached Mr. Bassin [6] on the previous day.

Mr. Takeuchi said there were many rumors of difficulty at the time of the Prime Minister's departure on Sunday, [7] which could include the possibility of labor picket lines attempting to prevent the Prime Minister from reaching the airport and also American and other diplomats from seeing him off. Mr. Parsons' remark that all the United States was interested in was keeping the gates open was not picked up. The further suggestions that it might be well for the Prime Minister to proceed to the airport by helicopter, landing in the middle of the field, or that he leave from Atsugi, were received with surprising good humor by the Japanese. Mr. Takeuchi said he thought he would get off on schedule, that he really must do so and that it had to be from Haneda.

It seemed to be the consensus of the Japanese side that Mr. Yoshida's visit to the U.S. would be of a ceremonial character only and there was little expectation that anything of major importance would be accomplished.

[Here follows discussion of the United States elections, Japanese reparations, GARIOA, Japanese productivity, and the question of contamination of the Japanese tuna catch by atomic radiation.]

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[5] Perhaps Takezo Shimoda, Director of the Treaty Bureau in the Foreign Ministry.

[6] Jules Bassin, Legal Attaché at the Embassy.

[7] Sept. 26. The Prime Minister stopped first in Canada and then sailed for Europe from New York on Sept. 29. On Nov. 2 he arrived back in New York to begin his official visit to the United States.

No. 806

794.5/9-2854

The Chief of Staff, Far East Command (Magruder) to the Deputy Chief of Mission in Japan (Parsons)

SECRET [TOKYO,] 24 September 1954.

MY DEAR MR. PARSONS: With respect to our conversation on the Embassy study to be prepared [1] in accordance with the memorandum for the Secretary prepared by the Embassy and dated September 9, 1954, I have asked Major General Elmer J. Rogers, Deputy Chief of Staff for Operations, to assist whomever you designate to prepare the study.

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[1] See Document 818.

I have set forth below the additional views I hold that are most in disagreement with the Embassy memorandum:

1. The effect of enemy atomic attack is over-stated.
2. No government can be strong which is not prepared to defend itself. The degree with which the Japanese on Hokkaido cooperate with the Russians is an indication of the degree to which all Japan would probably cooperate with Russia if U.S. forces were withdrawn and Japanese forces were not prepared to defend the country.
3. The conception of making Japan rich before we make her militarily strong would only weaken the moral fiber of her people and delay indefinitely Japan's achieving the ability to defend her own interests.
4. Making Japan rich before we make her militarily strong would make her a more desirable prize to the Russians.
5. General Hull has considered the withdrawal of U.S. forces before Japan is fully able to defend itself only as a measure to influence Japan to rearm, never with "an acquiescence in the military impotence or neutralization of Japan".
6. If we cannot inculcate in Japan a spirit, such as now motivates Germany to rise from defeat into a position of power and leadership, then Japan should be protected from Russian capture by U.S. troops but it would be a waste of money to invest in Japan more funds than those essential for the prevention of disease in epidemic proportions and the prevention of unrest that would threaten the security of our own garrison.
7. Before we accept a defeatist approach, I feel we should endeavor in every way to kindle in Japan a more aggressive spirit such as, for example: by urging the Japanese Government to establish itself more strongly with respect to Japan itself, by actively seeking the replacement of the present Japanese Government if it is unable to take a stronger grasp on Japan's affairs; by discontinuing economic aid so that Japan has to struggle for her livelihood and therefore feel the need of military power in supporting her commercial ventures such as fishing in the waters off the Kurile Islands and Korea; by urging Japan again to seek a position of leadership in Northeast Asia; by seeking to arrange a Northeast Asia pact in which Japan would be the leader and even by indicating that the United States would view favorably the re-establishment of the Japanese Empire under a moderate Japanese Government.

Sincerely,

CARTER B. MAGRUDER
Lieutenant General, General Staff

No. 807

894.245/9-2454: Telegram

The Ambassador in Japan (Allison) to the Department of State

CONFIDENTIAL TOKYO, September 24, 1954—8 p.m.

712. Pass AEC. Reference Embassy's 704. [1]

1. Lieutenant Colonel J.L. Hansen, FEC General Medical Laboratory, and past president Japan-America Pathology Association, who observed Kuboyama autopsy and examined case record last night made following report to me today:

2. Although findings cannot be conclusive until microscopic analyses made, Kuboyama died apparently of hepatorenal syndrome accompanied in terminal stages by upper lobar pneumonia and diffuse pulmonary edema.

3. This syndrome characteristic of serum hepatitis which patient developed ninety days after first six blood and dried plasma transfusions. Patient had jaundice in his own youth, and cause of death of two brothers officially listed as hepatitis.

4. During course autopsy, no significant radiation effects observable, although some residual depilation and scar tissue externally visible. (These were repeatedly photographed by reporters and press cameramen who packed autopsy chamber.) Bone marrow was healthy and generative; red blood corpuscles in femur area more than normal for man younger than patient; cranium and spinal column unaffected. All organs were measured by Geiger counter and no significant readings obtained.

5. Hansen asked for tissue specimens. Doctor Tsuzuki thought this possible later, but last night "too many reporters present". Hansen believes he can obtain specimens on personal basis. He will make full report his findings to me.

6. For our own information, would appreciate information whether blood or plasma transfusions given exposed Marshallese with or without jaundice history. [2]

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[1] Dated Sept. 23; in it the Embassy reported that Dr. Masao Tsuzuki, the physician in charge of the *Fukuryu Maru* patients, had requested (with the endorsement of the Foreign Office) that an American physician be present at the autopsy of Aikichi Kuboyama, a crewman of the vessel who had died that day in Tokyo. (894.245/9-2354)

[2] In reply the Department transmitted in telegram 695, to Tokyo, Sept. 29, a message from Dr. Bugher, which reads in part: "When Dr. Tsuzuki visited us, I advised repeated small transfusions being given *Fukuryu Maru* patients would probably result cases infectious hepatitis after period of few months. He was aware danger but thought it unlikely. He was also told we were doing no transfusions or plasma injections in case Marshallese and would not use such methods except situation

Continued

7. Despite AP report, Hansen has given no statement to press and under my instructions will not issue statement without prior Embassy clearance. [3]

ALLISON

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great urgency. Our care nearly 300 Marshallese and Task Force personnel did not involve any use whole blood or blood fractions. All patients recovered completely by all examinations recently completed. There have been no cases jaundice or other evidence liver involvement." (894.245/9-2554)

[3] In telegram 665 to Tokyo, Sept. 25, drafted in FE/P and cleared in NA and S/AE, the Department replied: "While information provided may be useful confidential negotiations re compensation later on agree Embassy view public release this information by US sources will generate serious adverse reactions Japan. Any public implication by us that he could have been saved by different treatment also considered dangerous. Department also confining all public comment expression sympathy and regrets for some time to come." (894.245/9-2454)

No. 808

794.5 MSP/9-2854: Telegram

The Ambassador in Japan (Allison) to the Department of State

CONFIDENTIAL TOKYO, September 28, 1954—6 p.m.

747. Reference: Department's telegram 588, September 16. Letter from Foreign Minister dated September 17 [1] embodies request mentioned reference telegram that $40 million section 550 yen be utilized procure naval vessels Japan for Japanese forces. Letter refers to statements made by United States representatives during Robertson-Ikeda talks in Washington [2] and Stassen statement in Japan in February 1954 as basis for Japanese understanding that offshore procurement in Japan would total $100 million during USFY 1954; says surplus agricultural purchase agreement concluded on this premise and so explained to Diet, whereas actual offshore procurement contract awards totalled approximately $70 million. Letter states that if $40 million in yen should be spent in payment for offshore procurement contracts totalling only $70 million "not only will declining tendency of special dollar receipts be further exaggerated but it may also adversely affect future purchase of United States surplus agricultural products by Japan". Letter also refers to Japanese request for 17 naval vessels, says except for two destroyers and two destroyer escorts, no definite indication ever given whether other vessels be furnished.

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[1] Not found in Department of State files.

[2] Perhaps a reference to one of the proposals summarized in telegram 958 to Tokyo, Document 706.

My reply [3] sent today explains again that $100 million figure was estimate, not firm commitment, and cites reason set forth in reference telegram why ship construction proposal not acceptable. In accord with reference telegram, reply also states United States willing make payments against contracts fifty percent dollars fifty percent yen until $40 million yen fund exhausted. Reply explains this proposal as gesture of goodwill inspired by Japanese Government insistence that United States intentions misunderstood. Reply takes occasion to point out United States concern over fact that, while pressing this matter in which no United States commitment made, Japanese Government has apparently so limited funds to be spent for defense this fiscal year that understanding confirmed by Okazaki letter of April 6 will not be fully carried out and this decision made without prior consultation or even notice. Texts airpouched.

ALLISON

[3] Not found in Department of State files.

No. 809

794.5 MSP/10-154

The Deputy Chief of Mission in Japan (Parsons) to the Acting Director of the Office of Northeast Asian Affairs (McClurkin)

CONFIDENTIAL
OFFICIAL–INFORMAL

TOKYO, October 1, 1954.

DEAR BOB: The enclosed memorandum is self-explanatory. It was drafted by Andy Kerr who was chairman on the United States side at the meeting in question. Also present for the Embassy were Duke Diehl and Van Swearingen. [1] Admiral Smith (J–4) represented the Headquarters, and Brigadier General Moore represented MAAG.

Andy and Duke reported this incident immediately, of course, to me and the Ambassador. While the Ambassador was still considering what action to take—for example, a stiff representation to Mr. Okazaki—Takeuchi paid an official call on the Ambassador to present an expression of regret over the *Toya Maru* disaster. [2] The Ambassador decided to take this opportunity to read the riot act to Takeuchi. I will not attempt to summarize at secondhand the

[1] Jay Allen Van Swearingen, an Economic Officer in the Embassy.

[2] In the *Toya Maru* ferry boat disaster late in September, over 1,000 persons, of whom some 50 were American, lost their lives.

points made by the Ambassador in expressing his views of this extraordinary variety of "diplomacy", except for the following reference to the *Toya Maru* disaster. The Ambassador informed Takeuchi that American newsmen in Tokyo had proposed to him that, following the precedent established by the Japanese Government in the *Fukuryu Maru* case, the United States Government should demand compensation, and he pointed to the respects in which the two incidents were parallel: The *Toya Maru* disaster was apparently due to neglect on the part of the Japanese Government, and approximately 56 American lives were lost, although there was no question in either case of ill intent. The Ambassador added, of course, that he had no thought then of taking this position publicly.

The interview lasted almost an hour, and the Ambassador reports that Takeuchi's response left nothing to be desired. Takeuchi indicated, for example, that he had promptly retracted his accusation of bad faith when challenged by Andy Kerr. He protested his friendship for the United States and pointed to the fact that he had taken the initiative in setting up a series of bimonthly off-the-record meetings between Bureau Chiefs in the Foreign Office and senior Embassy personnel for frank, cordial, and off-the-record discussions.

The Ambassador has decided to let the matter rest, at least until a similar transgression is repeated. Distribution of the enclosed five copies of the memorandum is left to your discretion.

Because various other Japanese agencies—Finance, MITI, Defense, etc.—were represented at this official meeting, we have decided that Andy should make a statement at the next meeting of the group that is calculated to serve notice to these other Japanese Government agencies that such tactics are neither advisable nor condoned. It is possible that Takeuchi himself may say something in the spirit of retraction, and if so, Andy will tailor his statement accordingly.

Sincerely yours,

JEFF

[Enclosure]

Memorandum of Conversation, by the First Secretary of the Embassy in Japan (Kerr)

CONFIDENTIAL [TOKYO,] September 26, 1954.

At a regular meeting of the US–Japan Consultative Group on September 24,[3] Mr. Takeuchi unexpectedly raised again the question of utilization of the $40 million of yen proceeds arising from sales of wheat and barley under Section 550 of the Mutual Security Act. He repeated the proposition that the JG had been given firm assurance during the negotiations that offshore procurement in Japan during USFY 1954 would total $100 million so that payments would amount to $60 million in dollars and $40 million in yen whereas only $70 million worth of contracts had been placed. He indicated that these Section 550 purchases would not have been acceptable to Japan if it had been known that offshore procurement would total only $70 million.

I explained again that the estimate of $100 million was not a commitment but only a target, that in fact it is impossible to make a firm commitment concerning the volume of offshore procurement because of various factors. On the US side, for example, after appropriations are made, there is need for provisional division of the total procurement program between Stateside and offshore, provisional division of the worldwide offshore procurement program on a country-by-country and item-by-item basis, determination of a pricing policy for procurement in Japan, and issuance of purchase authorizations to US procurement agencies in Japan. By the time such US actions have been completed, the US fiscal year is well advanced and the actual volume of contracts that can be placed in Japan during the time that remains depends upon such factors as price, quality and delivery dates. Thus, failure to achieve the target figure of $100 million in USFY 1954 was due in part to factors on the US side causing delay and in part to factors on the Japanese side (notably price) which prevented placement of contracts after purchase authorizations were finally received.

Mr. Takeuchi stated that he was thoroughly familiar with this explanation, having listened to it to the point of weariness. He then proceeded to accuse the US of bad faith by advancing the fantastic charge that the US had never intended to achieve the $100 million target for offshore procurement in Japan. He stated that the US must have known by the time of signing the surplus-pur-

[3] This was the body whose initial meeting was described by the Embassy in telegram 363 from Tokyo, Document 789.

chase agreement (March 8) that achievement of this target would not be possible. He said he realized that the US had not committed itself in legal terms to achieve this target, that in fact "US negotiators are very clever in devising legal language that permits escape from what is regarded by the naive Japanese negotiators as a binding commitment."

Referring to the Robertson–Ikeda talks in Washington in the fall of 1953, Mr. Takeuchi expressed confidence in his knowledge of the English language and stated that there could not be the slightest doubt that the $100 million "Commitment" had also been made at that time. He expressed the opinion that, during these talks as well as during subsequent negotiations concerning the $50 million purchase of US surplus agricultural commodities, the naive Japanese negotiators had been taken in by the Americans who are adept at sharp practices which enable them to advance apparent commitments which they have no intention of keeping. He expressed regret that he had not been permitted to participate in these talks (except as an observer), implying that he would not have been so easily fooled.

He implied that, in all future negotiations with the US, it behooved the Japanese side to be on guard and take care to leave no loopholes in any agreement because the good faith of the US cannot be taken for granted. In effect, he served notice to the US officials present that they would find him much less easy to hoodwink than the Japanese negotiators during the Robertson–Ikeda talks in Washington or the Japanese negotiators of the $50 million surplus-purchase agreement.

The US representatives at the meeting were officials of the Embassy and of the Far East Command who are charged with responsibility for seeking to maximize the volume of US contracts placed in Japan in order to strengthen the Japanese economy in general and to expand Japan's defense production industries in particular. It is hardly necessary to point out that it is primarily Japan's interest that is served by placement of these contracts. Mr. Takeuchi's tactics were hardly calculated to encourage the US in its efforts to maximize the volume of offshore procurement in Japan.

The US officials present were shocked by Mr. Takeuchi's fantastic charges against the US as well as by the nasty manner in which he presented these charges. Throughout his outburst, Mr. Takeuchi exhibited obvious hostility to the US. Such tactics are least expected from a high-ranking diplomatic official who is charged with conduct of US affairs.

No. 810

794.5/10-654: Telegram

The Joint Chiefs of Staff to the Commander in Chief, Far East (Hull)

TOP SECRET WASHINGTON, 6 October 1954—11:13 a.m.

JCS 968907. CINCPAC Pearl Harbor TH, COMSAC Offutt AFB Omaha Nebr.

1. JCS 92610 of 22 Jan 52 [1] is rescinded.

2. The following constitutes your basic directive for the conduct of operations in the FEC.

(U.S. Objectives)

3. It is the U.S. objective to:

a. Carry out Article 1 of the U.S.–Japan Security Treaty.

b. Assist and encourage Japan to develop military forces which will be capable eventually of assuming the responsibility for the defense of Japan.

c. Assist Japan, upon completion of the foregoing and in the light of circumstances then prevailing, to develop military capabilities for participating in the defense of the free nations of the Pacific area, keeping under constant review the nature and timing of assistance which will best serve the security interests of the United States.

d. Maintain U.S. forces in sufficient strength and so deployed that, in collaboration with Japanese defense forces, they can secure Japan against external aggression.

(Mission)

4. In event of Soviet attack on the FEC, defense of Japan and Ryukyus becomes your basic and overriding mission.

5. In addition to Missions outlined in Unified Command Plan and the current JCS Emergency War Plans, you will:

a. Support UNC operation in Korea.

b. Encourage and assist the development of Japanese military forces.

c. Continue to develop, equip and support ROK military forces in accordance with approved programs.

d. Discharge responsibility for the administration of the Ryukyu Islands in accordance with current directives termed United States Civil Administration of the Ryukyu Islands (USCAR).

e. Conduct unconventional warfare and clandestine activities in accordance with agreements currently in force between JCS and CIA.

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[1] Not printed.

f. Cooperate with and support, as directed or as appropriate to your Mission, the psychological operations of other U.S. Government Agencies in FEC area.

(Forces)

6. All United States forces under your control are available to you for conduct of your Mission.

7. As scheduled redeployments are implemented U.S. defense forces in Japan and Okinawa may be adjusted to meet your defense requirements. You are authorized at your discretion to vary size of U.S. Defense Forces in Japan to permit rotation and maintain the security of forces in Korea, except that deployment from Japan of units the size of an RCT or larger will not be made without prior notification to the JCS.

8. Your responsibilities with respect to FEAF units and facilities located in the Marianas, Bonin-Volcano, and Philippine Islands are currently under consideration and will be the subject of separate action by JCS.

(Operational Restrictions)

9. In event of air or sea attacks against United States forces outside Korea such forces will take immediate and aggressive measures in self-defense, but retaliatory action against targets on Chinese mainland, or in Manchuria, or in USSR will be taken only with approval of JCS. Facts concerning such attacks and CINCFE recommended retaliatory action, if any, will be reported by CINCFE to JCS.

10. Without approval of JCS, air and surface patrols will not operate within 12 miles to seaward of Manchuria, USSR, or USSR-held territory.

(Planning)

11. In coordination with CINCPAC and COMSAC, as appropriate:

a. Continue development of operational plans in accordance with guidance furnished by JCS to meet the contingency that hostilities in Korea are renewed by the Communists in the near future (JCS 955981, 22 Jan 54 and SM–371–54, dated 23 Apr 54),[2] and

b. Develop a separate plan coordinated as appropriate with CINCPAC and COMSAC to meet the contingency of Chinese Communist aggression outside Korea (JCS 955782, 19 Jan 54). [3]

12. Pending implementation of the initial phases of scheduled reductions in FEC strengths and receipt of further guidance, force augmentations will be planned in accordance with para 3, JCS 955981.

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[2] Neither printed.

[3] Not printed.

13. Prepare operational plans in support of current JCS Emergency War plans.

14. By separate directive, CINCPAC has been directed to develop plans for imposing a blockade of China coast by Naval forces and taking military action against selected targets outside of Korea in coordination with you.

15. To the extent provided by ageements between governments, you will be responsible for combined U.S.-Japanese military planning.

16. You will make provisions in your planning to provide forces and support, as required, and consistent with your current situation and mission, to CINCPAC in the event of aggression by Communist forces in CINCPAC's area of responsibility.

17. At present the support of United States forces in Korea and Japan including Ryukyus has overriding priority over defense of Formosa, Pescadores, and Philippines. However, in the event of a conflict in the respective requirements of CINCFE and CINCPAC for support of United States forces in Korea and Japan including Ryukyus and for defense of Formosa, Pescadores and Philippines, the JCS will resolve the conflict based on the existing situation.

(Logistics)

18. Current JCS guidance concerning logistic responsibilities is set forth in para 4 of the memorandum, file G–3 381 Pacific TS (2 Sep 53), dated 12 Oct 53.[4]

(Relationships)

19. Your relationships to the United States Ambassador to Japan and to the Japanese Government will be governed by the President's memorandum of 23 Apr 52 (JCS 907213, dated 24 Apr 52), [5] except that Executive Order 10476, dated 1 Aug 53, [6] is applicable to military assistance matters.

(Censorship)

20. In an emergency you are authorized direct liaison with appropriate Japanese government agencies for purpose of establishing such news media controls and censorship restrictions on news material originating in Japan as may, in your judgment, be required by military necessity. The provisions of para 8 b AR 360–65, OPNAV Instructions 5530.3, and AFR 190–11 dated 15 Aug 52 [7] remain valid.

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[4] Not printed.

[5] For text of the President's memorandum, see the attachment to Document 557.

[6] For text, see 18 *Federal Register* 4537.

[7] Department of Defense regulations, not printed.

No. 811

FE files, lot 55 D 480

Memorandum by the Deputy Assistant Secretary of State for Far Eastern Affairs (Drumright) to the Secretary of State

SECRET [WASHINGTON,] October 12, 1954.

Subject: Embassy Tokyo's Views on Policy Toward Japan.

1. Attached as Tab A is a memorandum dated September 9, 1954 [1] which was prepared by Embassy Tokyo and discussed with you in Tokyo by Ambassador Allison. The principal points of this memorandum are:

a. To persuade the Japanese to make a greater budget expenditure for defense in JFY 55–56 will require a major effort which could greatly strain United States–Japan relations.

b. Our decision on this issue must be made in the light of growing neutralism in Japan, our estimates as to the imminence of war with the Soviet Union or Communist China, our strategic concepts for Japan in view of nuclear developments, the value of a large mobilization base in Japan, Japan's economic weakness and lack of internal security.

c. The Embassy recommends that our policy toward Japan be reappraised and that we seek to emphasize economic strength and internal security rather than developments of Japan's defense capabilities.

2. FE is in general agreement with Embassy Tokyo's excellent memorandum but does not think that it represents as sharp a departure from existing policy as the Embassy apparently does. We have the following specific comments:

a. Overemphasis by us on Japanese defense measures could easily be self-defeating. The United States should continue its policy of negotiating on the basis of what the Japanese themselves propose in the way of defense measures, attempting of course to expand the Japanese effort where feasible but without going so far as to strain our relations.

b. Japan's defense plans for the next fiscal year provide for a modest increase of Japan's defense forces, although the defense budget is not scheduled to be increased. We believe that agreement on our part to accept a sizeable reduction of Japan's contribution to the support of United States forces, presently $148,000,000, might help us to get a comparable Japanese budgetary increase which would finance a reasonable increment of Japan's forces. However, this will probably require some pressure by us.

c. Economic development and internal security are essential for Japan and should be given higher priority in the review of our

[1] Document 798.

basic policy toward Japan shortly to be undertaken than they have in the present policy paper.

d. Japanese reluctance to take stronger internal security measures should not be underestimated. Pressure by us on the Japanese to do more about internal leftism and anti-Americanism could be self-defeating, as has to some extent been the case with our efforts to force stronger defense measures, and would be used by Japanese critics to show we have no interest in the progress of democracy in Japan.

e. Our estimates as to the imminence of war and the effect of nuclear developments on our strategic concepts are obviously important factors in appraising Japan's defense effort. These considerations would not however appear to suggest any diminution of Japan's effort or modification of our plans to assist Japan's military build-up to the extent practicable.

3. Ambassador Allison states that Embassy Tokyo is now drafting a suggested reappraisal of United States policy toward Japan along the lines of paragraph one above. The Ambassador has indicated he desires to discuss this reappraisal should he return to Washington later this month in connection with Prime Minister Yoshida's visit.

4. I suggest that in any discussion with the Ambassador on this subject you may wish to stress the considerations set forth in paragraph two above. Mr. Robertson has seen and concurred in the comments given in paragraph two.

No. 812

033.9411/10-1254: Telegram

The Acting Secretary of State to the Embassy in Japan [1]

SECRET WASHINGTON, October 12, 1954.

798. Following our tentative views on attitude Yoshida. Your comments requested.

1. Estimate Yoshida's performance and utility for achievement our objectives, his political strength and likely alternatives essential to decisions for handling Aichi, Okazaki and Yoshida. In our view Yoshida seeking strengthen position Japan probably with view remaining Prime Minister and when he decides transferring power acceptable successor.

2. Re performance Yoshida has provided greater stability and continuity than Japan experienced modern times even under militarists. Though unpopular with press has great rallying power and

[1] Drafted in NA, cleared in substance with Murphy, and approved for transmission by Drumright.

ability confuse and split opponents. His Diet record last session reflects high batting average. Believe he eventually willing lead Japan into Pacific defense arrangements despite constitutional muddle. Has pushed unpopular austerity program and been willing negotiate on politically explosive GARIOA issue. Internal security measures weak but fact remains Communism impotent as direct political force. Has resolutely stuck with US and West in Korean operation, various treaty arrangements, export controls and flat rejection Commie political overtures. In summary feel deficiencies listed your August 30 memo [2] serious but outweighed by achievements even if only recent difficult past considered.

3. Alternatives to Yoshida unimpressive. Hatoyama most likely but his strongly conservative views probably implemented by inflationist Ishibashi less conducive US interests particularly in fields economics and international cooperation than continuation Yoshida policies. Ogata as indicated your 690 [3] appears real possibility and from US point of view probably most desirable but doubt he has strength and stature remain long as Prime Minister. Ikeda equally good but his chances appear less promising. Other leading conservatives like Kishi or Shigemitsu appear undesirable.

4. Last paragraph your 679 [4] indicates Yoshida remains politically strong in which estimate we generally concur. If opposition should dethrone Yoshida by nonconfidence vote he likely dissolve Diet and force election in which we do not foresee conservative opposition as able muster sufficient strength attain majority or effective plurality. Only Socialists likely to profit substantially and new general election probable after short time. This confused situation unlikely further US interests.

5. Not sure how much our assistance would help Yoshida or conversely our refraining from assistance might hurt him. On balance believe preferable if press release at close Yoshida visit, although emphasizing US-Japanese friendship not US support for Yoshida, contain practical evidence which could be cited among conservatives and important business circles as US support of Japan. Believe this would serve important US objective by assisting Yoshida in ability transmit political power desirable successor and forestalling and possibly shortening inevitable period readjustment following his departure as major political figure.

6. Department therefore giving attention content press release which might achieve such objective. Agricultural program offers best opportunity and we inclined think major decisions can be

[2] Not found in Department of State files.
[3] Dated Sept. 22, not printed. (794.00/9–2254)
[4] Dated Sept. 20, not printed. (794.00/9–2054)

made this month culminating in public announcement during Yoshida visit Washington. Another possibility might be invitation Japan participate international atomic energy planning.

HOOVER

No. 813

State–JCS Meetings, lot 61 D 417

Memorandum of the Substance of Discussion at a Department of State–Joint Chiefs of Staff Meeting, Held in Washington, October 15, 1954, 11:30 a.m. [1]

TOP SECRET

[Here follow a list of persons present (25) and discussion of ANZUS and Indochina matters.]

3. Consultations with Japan on Strategic Matters.

Mr. MacArthur pointed out that State and Defense had concurred in a telegram of August 20 [2] in the recommendation from the Embassy and the Far East Command that a joint consultative group be established at a high level with the Japanese to consider implementation of the Military Assistance Agreement and broad strategic questions. He said the question now was what kinds of things could be taken up in the committee which would improve Japan's understanding of the world picture and thus improve their cooperation in security matters. He added that Mr. Murphy had suggested that this item be discussed in the JCS.

General Ridgway expressed that [*the*] opinion that existing channels of communication were adequate and that he had also been able to get to the Japanese leaders the kind of information which was needed. New instructions did not appear to be necessary.

Admiral Carney said that he saw three objections:

1. To be of any real use the questions discussed would have to be at a level that even an Ambassador or a General could not very well go into.
2. Such an arrangement might strengthen Japan's demands for strategic information which we were not willing to give.
3. Such an arrangement might cause adverse reactions on the part of other countries in the area with whom such an arrangement did not exist.

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[1] A note on the title page reads: "State Draft. Not cleared with any of participants." All of the Joint Chiefs except Admiral Radford attended; MacArthur led the Department of State group.

[2] Telegram 393 to Tokyo, Document 793.

Mr. MacArthur pointed out that we do, in fact, have such arrangements with other Asian countries in connection with our security treaties with them.

Admiral Davis [3] expressed the view that there was no need to disclose classified information to the Japanese.

Mr. MacArthur and Mr. Drumright explained that there were many matters which were either not classified, or not highly classified, which could be discussed with the Japanese, and that they would carry much more weight if done at a high level than if they read them in the newspapers. They suggested, however, that the matter could await the actual establishment of the committee and views of our representatives in Tokyo before it had to be considered further.

It was agreed that no action would be taken for the present and that Ambassador Allison might wish to discuss it upon his arrival in the next few weeks.

[3] Vice Adm. Arthur C. Davis, Director of the Office of Foreign Military Affairs.

No. 814

033.9411/10–1854: Telegram

The Ambassador in Japan (Allison) to the Department of State

SECRET TOKYO, October 18, 1954—10 a.m.

927. Regarding Department telegram 798 on Yoshida. [1]

[1.] So long as opponents unable to get together on a successor, I am not ready to agree that Yoshida is about through although he will face major Diet crisis November. However, lack of alternative is now almost sole important reason for his political viability.

2. New serious elements of weakness have been added to debit side since June Diet riots, to wit:

(1) Increasing tendency of financial and industrial leaders to withhold monetary support and agree time has come to force Yoshida out;

(2) Ever greater reliance on Palace guard (particularly unpopular Ikeda) because so many others now intriguing regarding alternatives instead of sticking staunchly with Yoshida. Contracting circle of the faithful is gradually isolating him. (In view importance business leaders' attitudes, am lunching Tuesday [2] with Ishikawa, head of Federation Economic Organizations and other key figures).

[1] Document 812.

[2] Oct. 19.

Last major positive element of strength (as opposed to negative one of Conservative disunity) is lingering belief Yoshida better than anyone can obtain American support for Japan. Even this double-edged because of deeply-rooted Japanese instinct for freedom from foreigners. Current trip is, of course, crucial from this point of view. To date, I think trip has worked in his favor because it has given Japan new prestige abroad (at least in eyes of Japanese who have been outcasts so long). But brilliant reversal of his fortunes extremely unlikely unless we hazard effort to do this for him. In my view, this would be both unwise and expensive.

It is Japanese themselves who must achieve long-term political stability; selection of their leaders must be left to them. If and when crisis comes, Conservatives will come together in rough proportion to seriousness of crisis. They are too hard-headed not to assert their dominance which is bolstered by money, by a near monopoly of experience in governing, by Japanese feudal respect for authority, by peasant conservatism and by lack of mass Communist-inclined base as in France or Italy. It is, therefore, not necessary to conclude that if Yoshida goes, something much worse for US will inevitably emerge. Also, even though scandals, et cetera, have probably increased electoral strength Socialists, I doubt that Conservatives have been weakened to point where they could not muster majority or plurality, as reference telegram suggests, in an early election.

View foregoing, although no one can be sure, I am increasingly of opinion that statement made in paragraph 9 of enclosure to Embassy despatch 1641 [3] correct namely that "broader-based Conservative government without Yoshida (or with him in elder statesman role) is preferable in terms of US interests to continuation of Yoshida as head of weaker government". My principal qualification on this is that immaturity of Japanese political parties and system is such that there is relatively greater dependence than in West upon a leader who commands respect. Failures of present government have been more apparent and more detrimental to US interests since foregoing was written. This too is supported by Embassy studies pursuant to my memorandum of September 9 to Secretary. But I am all more convinced that as Embassy despatch states "our policy should be one of studied neutrality in which we neither go out of way to help Yoshida stay in office or to oust him". In other words, intervention in my view is dangerous and not warranted, at least not now. This does not mean, however, that we should forego any opportunity to stress to Japanese advantages, in fact impera-

[3]The enclosure is an Embassy study prepared in anticipation of Yoshida's (cancelled) June visit. (611.94/6–754)

tive necessity, of Conservative unity in Japan's own interest both external and internal. We should constantly say that it is none of our affair by whom Japan is governed, that the important thing is that the country be governed.

In light of foregoing, I am in agreement with that part of paragraph 5 of reference telegram which prescribes a final Yoshida visit communiqué designed to stress our interest in Japan, especially in Japanese "self-support" programs, and am not in agreement with implication in same paragraph that we should somehow conspire to help Yoshida choose his successor. In my view, we should suit our actions to developments and only where clearly appropriate take steps to ease and shorten period of Japan's readjustment of her internal affairs, desirable as this objective is.

Will forward separately staff comments on specific paragraphs of reference telegram. [4]

ALLISON

[4] These comments were forwarded on Oct. 18 (with the Ambassador's concurrence) in telegram 940 from Tokyo. The comment on paragraph 1 of telegram 927 reads: "Concur principal purpose Yoshida visit is attempt strengthen his position Japan with view remaining Prime Minister. Believe also that he considers substantial 'present' from US essential to achieve this aim." (033.9411/10–1854)

No. 815

033.9411/10–1854: Telegram

The Ambassador in Japan (Allison) to the Department of State

CONFIDENTIAL PRIORITY TOKYO, October 18, 1954—noon.

928. Reference Embassy telegrams 865 [1] and 913. [2] Prior to his departure for America, Aichi called for final discussion on Washington talks. He was accompanied by Miyazawa, right-hand man of Ikeda, who it developed had done the main drafting of statement forwarded our 865. [3] Aichi gave me another paper, see immediately following cable, [4] he said was preliminary statement of present thinking of Japanese on what is needed to put United States–Japan relations back on road to real cooperation and joint action. This is most interesting statement revealing as it does Japanese official belief that United States pressure for defense build-up has been counter-productive. Essence of statement is that if pressure is

[1] Dated Oct. 11, not printed. (033.9411/10–1154)

[2] Dated Oct. 15, not printed. (033.9411/10–1554)

[3] The statement was forwarded in telegram 881, Oct. 13, not printed. (033.9411/10–1354)

[4] Telegram 929, Oct. 18, not printed. (033.9411/10–1854)

relaxed and priority given to raising standard of living of Japanese that this will in end result in Japanese Government being able to create sound self-supporting defense force with consequent reduction in need for maintenance large United States forces in Japan. Aichi will undoubtedly wish to discuss this statement in Washington. He made clear that final phrase of statement to effect that coming visit of Yoshida is "last chance" does not refer to possibility of Yoshida's retirement but to fact that if United States and Japanese Governments cannot now agree on something along lines of statement anti-American feeling in Japan will increase and United States–Japan cooperation will be jeopardized.

I expressed appreciation for frank statement of Japanese opinion and said I would be equally frank. I pointed out reasons for previous stress on military build-up as result of Korean war and generally threatening Communist attitude throughout world. While on surface it may now appear that tension has relaxed, I point out there is no indication Communist objectives have changed and, therefore, necessity for free world to be strong remained. I hope that Aichi did not mean that Japanese leaders wished to cut back their defense effort as I believed this would not only be dangerous in itself but would create such misunderstanding and antagonism in United States administration and Congressional circles that any aid program for Japan would be prejudiced. I expressed personal opinion that what was necessary was maintenance and some increase in present defense effort but agreed that increased attention should be given to problem of Japan's economic stability. I expressed opinion that economic and defense programs should advance hand-in-hand, that if we had neglected economic aspect perhaps that should have temporary priority to bring it up to defense level, but that in meantime there should be no slackening in latter. I stressed again vital importance of Japan taking steps on its own if United States aid was to have any meaning. In discussing this statement in Washington, I believe we should make clear that Japan cannot expect lasting higher living standards unless there is improvement in basic economy of country and that this is, in first instance, Japan's job. Aichi said he understood my argument and would take it into account in presenting his thoughts to United States officials. He agreed there should be no cut-back in defense program but made no commitment about any increase.

I urge that most serious consideration be given Aichi's statement and that it not be brushed off as simply Japanese attempt to get United States agreement to relaxation of effort. I sense a growing restiveness in government circles here at what they interpret as American pressure, if not dictation, and certainly press has given public idea that United States is using Japan for its own ends with-

out regard to needs or desires of Japan itself. Aichi's statement is expression his idea of how this situation can be met and remedied. To use a favorite Japanese expression, I believe Aichi is "sincere" and our reaction should be guided accordingly.

ALLISON

No. 816

Editorial Note

Working-level talks between officials of the United States and Japan commenced in Washington on October 21. The Japanese side was led by Takeuchi, the United States side by Baldwin. On October 24, the first plenary meeting of the preparatory talks was held, at which the Japanese side was led by Minister Aichi and the American group by Assistant Secretary Robertson. Topics discussed included Japanese-United States economic cooperation in Southeast Asia, surplus agricultural products, MSA aid, GARIOA, Japanese-United States trade relations, GATT, defense industries, war criminals, and status of the Ryukyu and Bonin Islands. Documentation on these preliminary discussions and on the Yoshida visit to Washington, which began on November 7, is in Conference files, lot 60 D 627, CF 396 and 397.

No. 817

FE files, lot 55 D 480

Memorandum of Conversation, by the Acting Director of the Office of Northeast Asian Affairs (McClurkin)

CONFIDENTIAL [WASHINGTON,] October 23, 1954.

Subject: Bikini Compensation.

Participants: Foreign Minister Okazaki of Japan
Ambassador Sadao Iguchi, Embassy of Japan
Mr. Tanaka, First Secretary, Embassy of Japan
Walter S. Robertson, Assistant Secretary
Robert J. G. McClurkin, Acting Director, NA.

Mr. Okazaki said that he had originally thought $1 million would be enough to satisfy the various Japanese claims in connection with the damages suffered by Japan as a result of the explosion of the hydrogen bomb at Bikini. Then Kuboyama died and the Japanese are finding that even at this late date many tunafish have to be thrown out because of radioactivity. These facts have changed

the situation. He himself had talked on the telephone to Tokyo the day before and he is now convinced that one million dollars will not achieve the purpose of a settlement which will be generally thought to be satisfactory. He pointed out that the Japanese Government has already put out 430 billion yen in loans to people in the fishing industry who have suffered losses. Some of the people in Japan have proposed a partial settlement now, and then continuing discussion of the total amount. He himself would rather have it all handled at one time. His own personal belief, which had been confirmed with Tokyo, was that it might possibly be done for $1 1/2 million but that a figure of $2 million would certainly constitute a satisfactory final settlement.

Mr. Robertson said that we understand how difficult this problem is for the Japanese Government and people. We are deeply distressed and concerned that the tests should have produced such unfortunate and unexpected results. He wanted to emphasize that the expenditures of billions of dollars which we are making in our atomic program are not only for ourselves but to serve the dual purpose of protecting the human race from Communist enslavement, and also leading toward the peaceful uses of atomic energy with all their great potentialities. Mr. Okazaki commented that he had told the Diet the same thing and had been bitterly attacked for it. Nevertheless, he believes that it is true.

Returning to the question of the settlement, Mr. Okazaki said that he had tried to achieve a settlement of one million dollars but this effort had failed. To attempt to do so now would really end the Yoshida government even though the situation had changed somewhat after the *Toya Maru* accident, which the Japanese Government greatly regretted. With respect to the Bikini incident, Mr. Yoshida had clearly indicated that the Japanese Government does not want to make use of the case to squeeze money out and in fact he may still be against asking for more than one million dollars. However, Mr. Okazaki believes that this amount would not be enough to create a good public feeling about the settlement in Japan and that such a settlement would be damaging to good United States-Japanese relations.

Mr. Robertson said that we want to do what is fair and equitable but we do not want to set precedents which would be unfortunate. He agreed completely with Mr. Okazaki that it would be preferable to have a final settlement. If this proves impossible, perhaps a legal inquiry might be instituted but we hope this can be avoided. If we can agree on a definite figure which the Japanese Government can be sure of we would earnestly consider it. We think that $2 million would be perhaps too high, but that something between $1 and $2 million might be satisfactory. Anything over a million dollars may

possibly require Congressional action and the resulting discussions may possibly lead to bad reactions in United States public opinion. However, the important thing now is to see if we can reach agreement on some definite figure.

Mr. Okazaki said that he appreciated having Mr. Robertson's views and that he hoped that we could reach a settlement before the testing program is resumed. He asked whether we had any idea when the tests might be resumed, saying that he needed advance notice in order to prepare people in Japan. Mr. Robertson said he did not have this information but that Mr. Okazaki could be assured of our full cooperation in this respect.

No. 818

611.94/10-2554

Study by the First Secretary of the Embassy in Japan (Leonhart) [1]

[Extract]

SECRET — TOKYO, October 25, 1954.

A PRELIMINARY REAPPRAISAL OF UNITED STATES POLICY WITH RESPECT TO JAPAN

[Here follows a listing of the three parts of this study.]

PART ONE: CONCLUSIONS

1. *The extent of the differences between present US and Japan policies with respect to the national defense of Japan constitutes a major obstacle to the coordination of their political activity.* The defense relationship between the US and Japan has such cardinal im-

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[1] This study is the enclosure to despatch 516 from Tokyo, Oct. 25, in which Parsons stated: "This study leads to the conclusion that strong government, economic stability, and defensive strength are all essential to Japan's rehabilitation as an important associate in the free world, but that higher priority for the first two of these may now be more productive." Parsons mentioned that Leonhart had prepared the study as a consequence of meetings with the Ambassador, the Chief of MAAG, "senior officers of a friendly agency," and officers of the Embassy. CINCFE was bringing portions of it to the attention of the JCS. The Ambassador had taken copies with him to Washington upon his departure Oct. 25. Parsons concluded:

"This study has the general approval of the Ambassador although, pending further consideration, he does not wish to be committed in detail to every recommendation and viewpoint contained therein. It also has the general concurrence of the Chief of the Military Assistance Advisory Group, and the head of a friendly agency has informed the Embassy that the concept of the study has his general approval. Credit for much of the thinking and for the organization and drafting of the study belongs to Mr. Leonhart."

portance that into its field of dispute is drawn all other aspects of US-Japanese cooperation—whether concerning the impingement of bases and facilities on the Japanese population, the disposal of US agricultural surpluses, the problem of Japanese internal political stability, or the development of Far Eastern security or economic regionalism. Until the present differences on defense policy can be reconciled, it seems doubtful if there can be that meeting of minds between the two governments required for immediate coordination of political and economic activity in Japan or for the construction of durable bases for US–Japan cooperation.

2. *The failure of successive Japanese administrations, until very recently, even to attack the problems of economic readjustment and internal security has resulted in a stagnant, and in some cases, a deteriorating situation inside Japan since April, 1952.* The Japanese approach to these problems is still slow and deficient. The absence of internal security—in government, industry, education, and information—has given to the communists and their apparatus of neutralists, pacifists, innocents, and dupes a remarkable opportunity for agitation, propaganda, and economic disruption. They have used this opportunity fully, and there has been since 1949 a steady seepage in internal political influence away from the conservatives toward an immature and unstable left. These areas are obviously not unrelated to national defense. If Japan cannot be made politically and economically stable, no investment in its defense sector is desirable or justifiable.

3. *The problem concerns, not final objectives, but the adjustment of priorities and time factors.* The most responsible and influential conservative leaders—inside and outside the government—whether pro-Yoshida or anti-Yoshida—have been unanimous in urging the view that the recovery of national strength and the rehabilitation of national spirit depend first of all on a reorganization of the national economy. They have insisted that the strengthening of their economy is the antecedent condition for all their official programs, and they have begun to undertake measures to this end. They have also, as a second priority, begun to prepare themselves to take more effective action against internal subversion. They have accorded a defense build-up and the expansion of their defense industries a lower priority.

4. *A change of short-run emphasis in our relations with Japan now seems required in order to align our efforts with the realities and the prospects of post-occupation Japan and to conform more closely with the lines along which Japanese conservatives believe they must move.* US policy for Japan as formulated in the crisis of the Korean war, confided too heavily on the recovery of Japanese national spirit, the strength of Japanese political leadership, and

the immediacy of Japanese ambition. It assumed that political and economic stabilization could proceed simultaneously with a defense build-up, but that in any event defense should have priority. It has met with only a most limited success. Over the immediate period ahead US policy should place its emphasis on the political objective of assisting the conservatives to consolidate and make effective their majority position in Japan. Unless a strong and stable Japanese Government can be established, the measures necessary to produce greater economic health, to deal effectively with internal security, and to provide for the defense of its people will not be taken.

5. *This shift of emphasis, over a short run, is moreover indicated by considerations exclusive to US planning: in particular, the need to assess whether—in the light of recent developments—the potential usefulness of Japan may not be less than had been assumed in our mid-1952 policies.* Involved are more precise cost data for the Japanese programs than were hitherto available, the necessity for adjusting strategic concepts to the implications of nuclear technology, and the magnitude of the vulnerabilities of Japan. These are problems which will require not only a reexamination of current NSC doctrines for Japan but the integration of the resulting revisions into the framework of US national policy for Asia and the world conflict. This will necessarily be a protracted effort. Many of the problems inherent in the review will however come to the fore in the negotiation of the JFY 55 national defense program which is now at hand. Some interim readjustment of US policy is accordingly indicated.

These conclusions derive from the body of this study, its *Exposition,* which follows after a summary statement of recommendations. The *Exposition:* isolates certain divergences of major significance for US policy between the 1954 and the 1952 assumptions concerning Japan; surveys the credits and deficits in the contemporary balance of the Japan situation and strikes a provisional reckoning of Japanese prospects; presents a detailed statement of the Japanese position on defense policy and of its economic and political rationale with particular reference to the special nature of the US–Japan defense relationship; and poses what appear from the Tokyo point of view to be the essential questions for a longer term re-evaluation of US planning with respect to Japanese rearmament.

PART TWO: RECOMMENDATIONS

For the period of the next two Japanese Fiscal Years, or until March, 1957, the following recommendations are submitted:

1. *The goal of increased political stability in Japan should be given absolute and urgent priority in our programs.* This will involve the orientation of policy to the objective of strengthening the moderate conservative movement in Japan. In the face of the immaturity and susceptibility of the non-communist Japanese left, the US over the next several years can hope to work with no other element in Japanese political life. The leadership of the moderate conservatives is not at present strong enough, or skilled enough in the processes of party and public opinion management to move toward self-support in the Japanese economy, to control effectively internal subversion, or to lay enduring foundations for US–Japan cooperation. US policy should be directed to strengthening both the structure and the appeal of this leadership and should consider the following specific actions:

2. *In the field of Japanese defense:*

a. The US should be prepared to accept with a minimum of bargaining anticipated Japanese proposals for only a slight increase in the JFY 55 national defense budget (including reductions in the Japanese share of local support costs for USFJ). It should recognize on the basis of the 1953 experience that a long and stubborn negotiation would be required to raise their budget proposals further; that in the end we should probably agree to accept very little more; and that whatever additional slight increase was obtained, again on the basis of experience, might not in fact be spent. US policy should instead use the leverage of agreeing to the Japanese defense proposals in return for unequivocal commitments to take specific actions in the fields of economic austerity and internal security.

b. The US should compensate for the decreased Japanese contribution to USFJ costs by announcing in calendar year 1955 that one US Army division or some specific percent of US ground forces would be withdrawn from Japan but maintained in Pacific area. This would additionally: (i) ease the mounting frictions of our continued stationing of US Forces in Japan; (ii) break the link idea by which the Japanese believe that they can control the deployment of our forces by their defense inactivity.

c. The US should also begin to prepare, and should announce its intention, to remove progressively from Japan those units of United States Armed Forces and United Nations' military forces whose presence in Japan has some other primary justification than the defense of Japan. The whole concept of Japan as a staging or a stockpiling area for troops which might, in certain contingencies, be sent elsewhere in the Far East needs review in terms of the probable US response to new acts of communist aggression and in terms of the continuing strain on US–Japan political relations imposed by the prolonged quartering of foreign troops in Japan.

d. If these actions are taken, the major deterrent to Soviet or Chinese Communist aggression against Japan must continue to be the knowledge that the US would come to the assistance of Japan in the event of the aggression. This deterrent influence of US power could be reemphasized in this context either by the conver-

sion of the Security Treaty into a mutual defense treaty (as proposed in paragraph 4a below) or by the issuance at an early date of a unilateral public declaration that the US would regard as a threat to its own national security any attempt at military aggression against Japan or any attempt to change by force its form of government. Either would extend to Japan essentially the same form of guarantee that has already been given to the Republics of China, Korea, and the Philippines.

3. *In the field of economics:*

a. The US should continue its attempts to accommodate Japan's need for markets; should maintain the maximum flexibility possible in its special dollar expenditures in Japan and in its receipt and use of the special post-war credits payable by Japan to the US; should assist Japan to solve its remaining reparations deadlocks and to participate in SEA regionalism; should continue its efforts to promote private foreign investment in Japan and to sponsor public and private industrial productivity programs. If a reasonably adequate program of self-help and austerity is undertaken, the United States should be willing, over the period of the next two years, to extend forms of direct economic aid or guarantees as may be required, including if necessary a currency stabilization credit. This willingness should be communicated privately, at the senior level, to the Japanese Government as a commitment by the US to support a conservative Japanese administration willing to undertake, in the immediate future, difficult policies for political and economic stabilization.

b. The components of a reasonable Japanese program for self-help and austerity are in general well understood. As formulated in the 1954 FOA Meyer Mission, they included:

i. A strengthening of present policies for qualitative and quantitative control of credit.

ii. Continuation of the present balanced budget policy and stronger measures for controlling unbalanced local government budgets.

iii. Improved production, management, and marketing techniques.

iv. Encouragement of foreign and domestic investment, both institutional and private, in areas which promise assistance for the economy and the foreign exchange position.

v. Further reduction and selectivity in imports.

vi. Channeling of imports into production for export.

vii. Renewed Japanese emphasis on settling its reparations problems and on investment in Southeast-Asia development.

4. *In the field of political action:*

a. The US should communicate its willingness to open negotiations for the conversion of US–Japan Security Treaty into a reciprocal and mutual defense treaty and for the revision of the Administrative Agreement whenever the Japanese Government desires these actions.

b. A systematic effort should be made to increase the prestige and participation of Japan in Asian affairs. In particular, the US should encourage the attendance by Japan at every multilateral conference on the Far East that the US attends in the company of other Asian states. While emphasizing the independence and sovereignty of Japan, the US should seek to appear to the Japanese public as determined to secure the reintroduction of Japan into the councils of the international community as the Soviet Union appears to them to be in its sponsorship of the introduction of Red China.

c. The liquidation of all World War II residues between the US and Japan should be undertaken urgently. In particular an inventory should promptly be taken of all claims and obligations against or in favor of Japan arising from World War II. (For example, we are still negotiating not only GARIOA but also on claims for the wartime bombing of the Embassy Chancery in Tokyo and the US Consulate at Nagasaki, for the accounts of Trust Territory residents, etc.) All these should be settled urgently and by the end of 1955 at the latest.

d. The US should offer to provide, at the request of Japan, technical assistance, including equipment and training, for more effective internal security operations.

e. The present unilateral status of the Atomic Bomb Casualty Commission, as a United States investigative laboratory unable to treat Japanese survivors of Hiroshima and Nagasaki, should be converted either to a joint US–Japan institution or to an international institution, open to all nations which care to contribute to its support or to all which have adhered to the UN Atomic Pool. In either event the Japanese side should include Japanese physicians qualified to treat Japanese patients. Present resentment over the present ABCC status is an important irritant to US–Japan scientific cooperation.

f. Consideration should be given to a greatly expanded exchange of persons program and to the establishment, from Japanese postwar financial obligations payable to the US, of a scholarship foundation for Japanese youth. If approved, this would require the recruitment of the highest caliber of US personnel to administer the program.

5. This program should be presented to the Japanese as a contingent program, all or part of which would be undertaken by the US in return for specific actions by Japan.

a. So far as the acceptance by the US of the Japanese JFY 55 defense program and the grant of presently contemplated US economic assistance, are concerned, the essential conditions should be:

i) that in the field of economics, Japan adopt and carry out reasonably satisfactory program of austerity and self-help;

ii) that Japan institute and apply a systematic program to deal effectively with the problems of internal security, with the communist penetration of its trade unions, with its communist-manipulated mass media, and with its leftist controlled schools; and

iii) that the implementation of this program should be reviewed by a continuing joint US–Japan Council, composed of senior officers of both governments. The Council should be empowered to require and receive specific progress reports on activities of mutual concern and to make recommendations for appropriate action. Whether the Council itself or its terms of reference should be classified will require additional consideration.

b. The rest of the program suggested above should be equated with specifics of Japanese performance: e.g. willingness to revise the Security Treaty should be conditioned on an agreement for the long-term US occupancy of air and navy bases in Japan, including any special weapons understandings considered indispensable; the loan or the grant of police equipment in return for closer internal security coordination.

6. These recommendations are only illustrative. They are products, not of new US objectives in Japan, but of altered emphases and priorities in our approach to the Japanese problem. They are designed to determine how much can be accomplished, within a two year period, toward producing the basic requirement for the long-term US–Japan relationship: a strong, stable conservative government in Japan. Whether such a government can be created will determine in large measure the kind of adjustment US policy will be obliged to make to take into account the geographic, the strategic, and the technological vulnerabilities of contemporary Japan. This much is certain: the stakes are too immense to permit longer the stagnation which has taken place in Japan since 1952. [2]

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[2] The "Recommendations" section ends here. The section entitled "Exposition" is not printed.

No. 819

894.245/10–2654

Memorandum by the Acting Director of the Office of Northeast Asian Affairs (McClurkin) to the Ambassador to Japan (Allison)

SECRET [WASHINGTON,] October 26, 1954.

Subject: OCB Meeting on October 27

You have been invited to attend the OCB meeting at 1:45 p.m. on October 27 at which time the Progress Report on Japan [1] will be

[1] *Infra.*

considered. You will recall that I sent the Embassy an earlier draft [2] over a month ago. At the OCB meeting, and possibly at the 5:00 briefing this afternoon with Mr. Hoover, two matters may come up:

1. Bikini compensation. This is not specifically discussed in the Progress Report but it is a subject of interest to the OCB. Mr. Okazaki raised the matter with Mr. Robertson last Saturday and said he thought $2 million would be a very satisfactory settlement. Mr. Robertson said he thought this might be too high but that something between $1 million and $2 million might be satisfactory. We have canvassed this problem within the Department in preparation for the Okazaki and Yoshida visits; it is our feeling at the working level that with Kuboyama's death $1 million will no longer do the trick and we feel we must reconsider our position. L wishes to avoid a joint legal investigation on the ground that this will be most difficult and might set dangerous precedents and they therefore have recommended we go as high as $2 million to settle on a non-legal basis. I concur in this view and feel we also must consider the adverse reaction in Japan if a joint legal study should drag on for a long time. We are hopeful that we can get up to an additional million dollars from FOA sources if this is necessary but it will require a strong appeal to the OCB and the agencies concerned. We told Okazaki incidentally we might have to go to Congress. If you concur I recommend that you tell the OCB you agree that settlement at $2 million is the best way out of this messy problem.

2. Psychological strategy plan. Mr. Robertson has sent you a letter dated October 22 [2] asking your views on how we might expand our efforts in Tokyo to carry out this plan. A copy of this letter is attached. CIA took a particular interest in this problem and instigated the attached letter as well as paragraph 13 of the OCB Progress Report. There may be some discussion of this point at the meeting tomorrow.[3]

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[2] Not found in Department of State files.

[3] The section concerning Japan in the "Preliminary Notes" of this meeting reads: "The Progress Report on Japan was approved after considerable discussion with Ambassador Allison and Mr. Robertson on some of the problems raised by the report. A special item of discussion was the matter of settlement for the claims resulting from the H-Bomb fall-out damage. On the basis of the presentation of Amb. Allison and Assistant Secretary Robertson, the Board agreed that the Ambassador should be authorized to settle for $1.5 million and directed that FOA explore with the other agencies concerned the ways in which the additional $500,000 could be financed and, if necessary, secure a Presidential determination." (Notes drafted by Walter A. Radius, Operations Coordinator, OCB files, lot 62 D 430, "Preliminary Notes I". This lot is the OCB file for the years 1953–1960, as maintained by the Executive Secretariat of the Department of State.)

No. 820

S/S–NSC files, lot 63 D 351

Memorandum by the Executive Officer of the Operations Coordinating Board (Staats) to the Executive Secretary of the National Security Council (Lay)

TOP SECRET WASHINGTON, October 28, 1954.

Subject: Progress Report on NSC 125/2 and NSC 125/6 (Japan) (Policy approved by the President August 7, 1952 and June 26, 1953) [1]

There is attached the first Progress Report by the Operations Coordinating Board on NSC 125/2 and NSC 125/6, "United States Objectives and Courses of Action with Respect to Japan." These NSC papers were assigned to the Board on December 12, 1953; and this report covers the period through September 15, 1954 with the addition of the latest information available on the Japanese economic situation. The report was approved by the Operations Coordinating Board on October 27, 1954.

The Board noted that since September 15, 1954 an agreement on reparations between Japan and Burma, mentioned on page 10 [2] of the report, was initialed in Tokyo on September 25. It provides for payment by Japan of $20 million annually in goods and services over a period of ten years and economic cooperation in the form of joint enterprises with Japanese investment in the amount of $5 million annually for ten years. This agreement will be concluded formally in Rangoon on November 3.

ELMER B. STAATS

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[1] NSC 125/2 is Document 588. NSC 125/6 is Document 657.

[2] Reference is to page 10 of Annex A to this report, entitled "Detailed Development of Major Actions", not printed.

[Attachment]

OCTOBER 27, 1954.

PROGRESS REPORT ON NSC 125/2 AND 125/6

"UNITED STATES OBJECTIVES AND COURSES OF ACTION WITH RESPECT TO JAPAN"

(Policy approved by the President, August 7, 1952 and June 26, 1953)

A. SUMMARY OF MAJOR ACTIONS

1. The United States has in the past two years concluded a number of important agreements with Japan, including a Mutual Defense Assistance Agreement, Treaty of Friendship, Commerce and Navigation, and revision of the criminal jurisdiction provisions of the Administrative Agreement. Joint agreement was also reached for return of the Amami Oshima group to Japanese control.

2. During 1953 Japan incurred a serious balance of payments deficit notwithstanding a continued high level of United States special expenditures of about $785 million. This imbalance continued during the early part of 1954. Corrective measures initiated by Japan in October 1953 alleviated this condition. For the past six months ending September 1954 a balance of payments surplus appeared even though U.S. special expenditures declined to an annual rate of about $550 to $600 million. Japan was admitted provisionally to the General Agreement on Tariffs and Trade and the United States is taking the lead in multilateral negotiations to bring Japan fully into GATT. United States preparations are underway for comprehensive United States-Japanese tariff negotiations, which are scheduled for early 1955. Private technical assistance arrangements and loans totalling $40 million by the International Bank for Reconstruction and Development have been made, but Japanese productivity is still deficient in important fields. United States economic assistance to Japan consisted of a grant of $10 million in local currencies to Japan under the agricultural surplus program, and three short-term cotton loans totalling $160 million by the Export-Import Bank. Japan's contribution to U.S. forces was reduced by $7 million. Negotiations for settlement of the claims of the United States arising out of economic assistance rendered during the occupation (GARIOA) were begun.

3. Japan has increased the size and strengthened the functions of the Japanese defense forces, although the total is still well short of that considered desirable by the Joint Chiefs of Staff. The Japanese

Diet has authorized an expansion of Japanese defense forces to a total of 164,538 men, including the new air force, and has empowered them to resist direct attack. The United States provided increased military assistance to Japan, and will continue to do so under the Mutual Defense Assistance Agreement through substantial military grant-aid and training programs. Some progress has been made toward the establishment of a Japanese defense production base, largely through the activation by offshore procurement of a broad range of ammunition and explosive manufacturing facilities for small arms and artillery. Plans are being formulated for the establishment of limited capacity for production of certain tactical military aircraft over the next two years. Arrangements have been completed for a joint United States-Japanese industrial mobilization planning group to study the development of a broader production base in Japan.

4. Vigorous information programs have been carried on to give the Japanese a better understanding of the United States and of world problems and to combat leftist and neutralist influences.

5. Japan has continued to cooperate with the United States on security export controls. Pursuant to understandings with the United States it has gradually reduced the number of items embargoed to Communist China to those multilaterally agreed.

B. OPERATIONAL CONSIDERATIONS BEARING ON POLICY

6. The NSC 125/2 and NSC 125/6 were designed to cover the immediate post-Treaty period, during which the Japanese were regaining their sovereignty. Certain important objectives have not been achieved and it can be anticipated that troublesome problems in relation to Japan will arise and continue. Economic difficulties, ineffectual governmental leadership, pressure from Communist areas, and reluctance in moving positively toward self-defense have not been solved. In addition, there have arisen a serious increase in neutralist sentiment, periodic flare-ups of anti-Americanism and an intensification of communist overtures to Japan. New factors have arisen in U.S. relations to Asia such as the SEATO and the proposed SEA economic grouping. As a consequence, a complete review of NSC 125/2 and NSC 125/6 and of U.S. objectives and courses of action is recommended.

7. NSC 125/2, paragraph 7b(2) and NSC 125/6, paragraph 3b(1) give emphasis to the development of Japanese ground forces while Defense has stressed the necessity for a force structure composed of appropriate strength in naval and air forces as well as ground. The Japanese on their part appear to question this force concept, laying greater emphasis on air and naval forces. There is also feeling in Japanese military circles that nuclear weapons require revision of

present defense plans. Several problems such as joint planning, Japan's role in the Far East security picture, and ultimate initiation of withdrawal of U.S. forces have become more important now that Japan has taken the initial steps to expand its defense structure. A new NSC paper should take cognizance of these problems in the light of the current situation.

C. EMERGING PROBLEMS AND FUTURE ACTIONS

8. *Economic Difficulties*

Japan's economic difficulties present an obstacle to the attainment by the U.S. of certain major objectives in Japan, particularly in respect to the strengthening of international economic relationships, cooperation with other friendly nations of the Far East, and the indigenous support of an adequate defense program. There exists an uncertainty as to the ability of the Japanese Government to continue and expand measures which recently improved the balance-of-payments position in the face of diminishing U.S. military expenditures. Japan's financial future is further obscured by the unsettled reparations arrangements with Southeast Asian countries, which are also adversely affecting the development of a healthy trade pattern. Decision has been made to establish an FOA mission in Tokyo. The prospective decrease in U.S. special expenditures will increase the difficulties of Japan attaining self-support by Japan, and the U.S. should, therefore, give particular attention and emphasis to (1) reduction of trade barriers, by negotiating with Japan at the GATT negotiations scheduled for February 1955, and by encouraging friendly third countries to negotiate similarly; (2) exercise of greater control over the programming of U.S. Government expenditures in Japan, so as to anticipate and ameliorate the effect of diminishing dollar receipts from this source; (3) improvement of productivity, through a jointly financed technical assistance program, and the investment of dollars and local currencies; (4) provision of continuing support for the Japanese defense structure through military assistance, defense facilities assistance, and offshore procurement; [3] (5) assistance and encouragement in the de-

[3] The status of economic assistance to Japan is summarized in Annex A as follows:

"No economic assistance as such is being given Japan in USFY 1955 and none was provided in USFY 1954. The following steps in the nature of financial assistance have been taken: (a) It was agreed to reduce the monetary support by Japan to United States forces in Japan pursuant to Article 25 of the Administrative Agreement from the yen equivalent of $155 million to the yen equivalent of $148 million. (b) The United States has undertaken to furnish military equipment for Japanese forces on a grant or loan basis, the precise equipment to be determined on the basis of further consultations, $78 million of USFY 1954 military assistance funds have

Continued

velopment of raw material availabilities, particularly in Southeast Asia countries; (6) encouraging the Japanese to improve their receptivity toward foreign private investment and to continue and strengthen sound internal financial and economic measures to improve their international position; (7) provision of economic aid when necessary and appropriate predicating such aid on Japanese participation and self-help.

9. *Ineffective Political Leadership*

Conservative groups are politically dominant but continue to be split by personal rivalries rather than differences of principle. If these groups could cooperate effectively they would control about two-thirds of each House of the Diet, and would be able to carry out policies on which they generally agree for economic stabilization, control of leftist activity and stronger defense. Particularly needed are government programs to awaken the nation to a sense of international responsibility, to take legal measures against Communists, and to combat the neutralist, anti-American tendencies of many of the individuals in Japan's educated groups. The U.S. should do what it can to encourage effective conservative action in Japan, although the immediate prospects of conservative merger and effective government leadership are not good.

10. *Inadequacy of Defense Measures*

Measures undertaken by the Japanese Government to expand its self-defense forces including tentative five-year plans, fall far short of the goals set by the JCS. In contrast to the JCS force goals of 348,000 for ground forces, the Japanese Government has shown a comparatively greater interest in expanding its air and naval forces. Serious disappointment has been shown by the Japanese Government in the alleged failure of the U.S. to make available the 17 naval vessels requested. However, a general support has been obtained for the government's defense program and there ap-

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been programmed for Japan and $102 million are tentatively programmed for USFY 1955. In addition legislative authority was obtained in the Mutual Security Act of 1954 to transfer equipment for the Japanese ground forces procured out of previous Defense Department appropriations and the authority given in PL 188 is being and will be used for the transfer of vessels. (c) Procurement of military and naval equipment in Japan for Title III countries other than Japan totalled about $70 million in USFY 1954 of which approximately $40 million will be financed by the yen proceeds of the sale of agricultural commodities to Japan under the provisions of Section 550 of the Mutual Security Act. (d) An agreement has been concluded under Section 550 of the Mutual Security Act whereby Japan will purchase approximately $50 million worth of agricultural commodities and one-fifth of the local currency proceeds will be used for assistance to Japanese industry (principally defense industries).

"The Japanese have proposed additional local currency purchases of United States surplus agricultural commodities in United States FY 1955, yen proceeds to be used for economic development. This proposal is being carefully considered within the United States Government."

pears to be a growing popular acceptance of military institutions. In addition to the economic situation, there are political and psychological factors which impede the development of an adequate defense program. A growing tendency is becoming evident on the part of the Japanese Government to make any defense build-up dependent on increased U.S. military and economic assistance and reduction in Japan's contribution to the maintenance of U.S. security forces in Japan. In view of the present international picture in the Far East the pressures in this direction can be expected to increase rather than to diminish. The U.S. should continue programs of military assistance as well as efforts to reach agreement with Japan on the size and strategic role of its forces. Further progress toward the establishment of a Japanese defense base adequate to meet U.S. objectives will be dependent largely on the furnishing by the U.S. of technical production services, facilities assistance, educational orders, and a continuing offshore procurement program; and the development of all these programs will call for a substantial cooperation by the Japanese themselves. In view of Japan's reluctance to act positively and the economic situation, with the likelihood of diminishing U.S. military assistance funds—particularly those authorized for offshore procurement—the U.S. must be prepared to take measures to provide specifically for this purpose, or accept a slow rate of development in this field.

11. *Attraction of Communist Trade*

The consolidation of Communist power in Mainland China and North Korea and its expansion into Southeast Asia are exerting pressure on Japan to increase economic relations and to consider more seriously establishment of political relations with Communist Asia. Japanese ties, both political and economic, to the United States and the free world will remain proportionately much greater, but under foreseeable circumstances trade with the Asian mainland will exercise a powerful attraction. If the Communists see fit to encourage it, such trade could develop substantial magnitudes even under present international multilateral limitations. While United States influence on Japan and bargaining power would remain considerably greater, the development of Communist trade will probably tend to give the Japanese Government a greater sense of freedom in dealing with the United States. A major purpose of measures discussed under paragraph 8 above is to assist Japan in resisting Communist attractions and align Japan more firmly with the United States. It should be noted that Indochina itself is not of great trade significance for Japan but the problem of Communist attraction and pressure would be greatly increased by Communist expansion into other areas of Southeast Asia.

12. *Formation of Western Pacific Defense Arrangement*

NSC 5429/2,[4] Section II, 2d provides that the U.S. should "encourage the conditions which will make possible the formation of, and be prepared to participate in, a Western Pacific collective defense arrangement, including the Philippines, Japan, the Republic of China, and the Republic of Korea, eventually linked with the Southeast Asia security structure and 'ANZUS' ". This policy statement clearly accords with the course of action set forth both in NSC 125/2, para 7a(4), which provides that the U.S. should encourage Japan and the free countries of the Pacific area to develop relationships which will contribute to their security, and in NSC 125/6, para 3a(2), which provides that the U.S. should continue to explore the possibilities of collective security arrangements in the Pacific area which would include Japan. The problem of developing a sense of interdependence in the area, which is clearly the necessary prerequisite to the establishment of a security organization of the nature contemplated, and U.S. actions taken to overcome this difficulty, are discussed on pp. 9–11 of Annex A. In particular a resolution of outstanding issues between Japan and Korea and the settlement of the reparations and other questions between Japan and the Philippines, Indonesia, Burma and the Associated States are prerequisites to the effective development of constructive political relationships, economic cooperation and collective security arrangements in the Far East.

13. *Need for Intensified Information Programs*

The complex emotional reactions of the Japanese, particularly as sensationally represented in their press, to United States actions and policies, the threat of nuclear warfare, and the growth of Communist power in Asia have tended more and more to prejudice United States-Japanese relationships. To strengthen countermeasures an intensive reevaluation both of the existing *Psychological Strategy Program for Japan* (PSB D–27) and of its implementation by the various agencies concerned is necessary. (pp. 14–16, of Annex A). The Inter-Agency Committee in Tokyo, which was established to implement the psychological strategy plan has not thus far been effective except for the handling of the Troop Acceptance problem. The committee, which has met only infrequently, has not been able to bring to bear the full strength of U.S. capabilities in furtherance of our psychological objectives. Ambassador Allison has been asked to make recommendations as to how the committee may be made more effective.

14. *Psychosis Regarding Nuclear Weapons*

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[4] "Review of U.S. Policy in the Far East", dated Aug. 20, 1954. For text, see vol. XII, Part 1, p. 771.

The violence of Japanese reactions to any matter relating to nuclear weapons is an element in all of our relations with Japan and raises particular problems in connection with any further U.S. tests in the Pacific as well as in relation to U.S. actions in the development of peaceful use of nuclear energy.

15. A number of lesser problems require continuing United States consideration:

(a) *War Criminals*

The continued incarceration of Japanese war criminals sentenced by United States courts remains an important source of friction between the United States and Japan and creates a psychological climate which is not conducive to full Japanese cooperation with the United States. The expeditious handling of cases by the Board of Clemency and Parole, to the end that only a hard core of prisoners who committed the most heinous crimes remain in prison by the end of 1955, is important to implementation of United States objectives toward Japan.

(b) *Japanese Desire for Return of Ryukyus and Bonins*

The Japanese Government and people continue to desire the return of the Ryukyu and Bonin Islands to Japan, although public pressure for their return has declined somewhat, and return of Amami Oshima to Japan was an important source of good-will to the United States. Because of the critical strategic importance of these islands the United States must continue to impress upon the Japanese its intention to retain control over them pending the establishment of enduring conditions of peace and stability in the Far East. (pp. 17–19 of Annex A)

(c) *UN Membership*

The Japanese Government continues to seek fuller association with the United Nations and to press for United States action in support of this. (pp. 8–9 of Annex A)

D. EXTENT OF AGENCY INTERESTS

16. The Departments of State and Defense have been primarily involved in implementation of NSC 125/2 and NSC 125/6 with considerable assistance by the United States Information Agency, the Foreign Operations Administration, the Departments of Treasury and Commerce, and other agencies. . . .

No. 821

794.5/11–454

The Chargé in Japan (Parsons) to the Acting Director of the Office of Northeast Asian Affairs (McClurkin)

SECRET Tokyo, November 4, 1954.

OFFICIAL–INFORMAL

Dear Bob: I had occasion to see General Hull in his office on October 27 and thought I might record briefly several parts of the conversation.

(1) Referring to the "New Look" papers, General Hull said that he did not think that Japan was necessarily indefensible despite the number of fighter and light bomber fields ringing the Japanese islands. He was by no means sure that we could not prevent saturation of the islands by enemy atomic attack. The critical problem for us was the time factor in delivering our weapons over the target. This, of course, is a most sensitive subject.

(2) Further on the "New Look" paper, the General said that he did not think that the Command and the Embassy were very far apart. I said that my own feeling was that we were primarily interested in exploring a change of emphasis and timing rather than a change of basic objective, that we now thought we should accord priority to strong government, economic reconstruction and Japanese defense forces in that order. General Hull said that he was concerned that if he withdrew our forces, Japan would be placed under intolerable pressure from the Soviet Union and forced into a neutralist position. In this connection, he spoke of recent airfield construction in Saghalin and of the quantity of MIGs located on the fields within sight of Hokkaido. He said that whereas we do not use our military might to force political concessions, he was certain that the Russians would endeavor to do so. I said that I thought the biggest deterrent to attack and the biggest encouragement to Japan in standing up to Russian intimidation was the Japanese knowledge of our basic interest in Japan's independence.

(3) Regarding support costs under Article 25, 2 (b), [1] General Hull said that if the Japanese would really spend the money for developing the military establishment, he was not in the least adverse to reducing support costs very substantially. He said that he thought we would get more for our money here spending it for Japanese soldiers than for American soldiers. He was concerned as to whether they would actually spend the money, however, and in that con-

[1] Of the Administrative Agreement.

nection, expresses his endorsement of our note reserving the position of the Japanese 4 1/2 billion yen defense budget cut. [2]

Best regards, as always,

Yours sincerely,

JEFF

[2] Note No. 808, Nov. 1, not printed.

No. 822

Eisenhower Library, Dulles papers, "Telephone Conversations"

Memorandum by Roderic L. O'Connor, Special Assistant to the Secretary of State [1]

[WASHINGTON,] November 4, 1954.

Mr. Stassen called the Secretary today and said that up to last night no agreement had been reached with Agriculture on the Japanese food matter. [2] He asked the Secretary if he would agree to pin it down at the Cabinet meeting tomorrow. They both agreed that the matter should be pinned down before Yoshida arrived here. The Secretary said we were not anxious during Yoshida's visit to pass out so much that he would go back and demand a continuation of office on the basis of what we do. The Secretary mentioned the political split in Japan. The Secretary said we should be courteous but restrained. We could use the above or not as we saw fit, but the Secretary thought it desirable to have our own position clear.

Mr. Stassen said that it might be ironed out this afternoon; if not, he would be prepared to bring it up at Cabinet.

R. L. O'CONNOR

[1] Distributed to Hoover and Robertson, and to Samuel Waugh, Assistant Secretary of State for Economic Affairs, and to Frederick E. Nolting, Special Assistant to the Secretary of State for Mutual Security Affairs.

This memorandum is based on a memorandum of this conversation drafted by Bernau. (Eisenhower Library, Dulles papers, "Telephone Conversations")

[2] In a U.S. position paper on this issue dated Nov. 8, the Japanese request is summarized as follows:

"The Japanese have placed great emphasis over many months upon participation in the programs for the sale or grant of U.S. agricultural surplus under Public Law 480. They have requested sales of commodities aggregating $400 million in value over three years, including $133 million for the current U.S. fiscal year, plus a grant of commodities for their school lunch program. They have submitted details for the use of the local currencies to be paid by Japan under which all of such currencies would be devoted to purposes directly assisting the Japanese economy." (JAP D-3/4, prepared in the Department of State, Conference files, lot 60 D 627, CF 396)

No. 823

Eisenhower Library, Eisenhower papers, Whitman file

Minutes of Cabinet Meeting

[Extract] [1]

[WASHINGTON,] November 5, 1954—10 a.m.–12:40 p.m.

. . . . . .

Agricultural Surplus Disposal—Japanese Program (CP–3)—Mr. Stassen cited the need for reaching a determination, prior to Mr. Yoshida's visit, in regard to the size of the PL 480 program for Japan and as to whether rice should be included in that program. After noting disagreements, Mr. Stassen suggested as a possible compromise that the program be established at a level of $85 million initially, with the possibility of increasing it at a later date should need develop. This suggestion was not questioned or disputed.

In regard to the inclusion of rice, Mr. Stassen suggested that rice be *not* included in the initial program, but that a clause be written in to the effect that Japan would make its normal dollar purchases of rice from the United States. This would leave Japan free to make her other normal purchases from the Southeast Asia countries. Should there still be need for rice in Japan after normal purchases, the 480 program could be enlarged to include rice.

Sec. Benson pointed out that the United States is faced with a heavy rice surplus this year, that the Trade Development Act was passed to provide for such situations, that Agriculture was responsible for Section 1 of the Act, and that Congressional leaders were very anxious to have some rice included in the program. He noted that the United States was trying to regain its former share of the Japanese rice market and that having rice in the 480 program would be helpful in increasing dollar sales also. He believed this could be done without encroaching on the Southeast Asia share of the Japanese rice market.

Sec. Dulles disagreed on the possibility of any market in Japan this year over and above the normal United States and Southeast Asia sales. He noted the bad effect on Burma, Thailand, Pakistan and Formosa should their Japanese market be decreased.

Sec. Humphrey suggested that including rice in the program would merely serve to displace dollar sales, and he believed we would end up merely by having the same surplus of rice but with yen instead of dollars in our pockets. He commented on the diffi-

[1] Part of the omitted portion is a list of persons present (25).

culty caused by expanded production at the same time as many consumers were cut off from the market. There ensued a discussion of the question of developing trade with Communist China by countries other than the United States, a matter currently under study in the National Security Council.

The President expressed his feeling that a compromise could be worked out for including a small amount of rice in the program along with a provision for negotiation with Japan toward establishing a ratio of dollar and yen purchases. At the conclusion of the meeting, the President spoke briefly to Messrs. Benson and Stassen and they subsequently worked out an agreement for reserving $15 million for rice of an $85 million initial program, and having the Secretary of State negotiate agreements with Japan to include fulfillment of trade agreement purchases with Southeast Asia and also normal dollar purchases of rice in the United States. [2]

L.A. M[INNICH, JR.]

[2] This subject came up again at the Cabinet meeting held on Nov. 19: "Mr. Phleger then informed the Cabinet that agreement had been reached with Japan on the P.L. 480 program as authorized by the Cabinet—namely, an $85 million program, including $15 million for rice, with an added provision that Japan would purchase $200 million worth of rice during the coming year to be paid for in dollars instead of yen." (Minutes drafted by M [innich,] Eisenhower Library, Eisenhower papers, Whitman file)

For the Department's press release dated Nov. 13, see Department of State *Bulletin*, Nov. 22, 1954, p. 766.

Final agreement on this program was not concluded during 1954. For text of the Agreement on agricultural commodities, with agreed official minutes and exchange of notes, signed at Tokyo on May 31, 1955, see TIAS 3284; 6 UST (pt. 2) 2119.

No. 824

794.5/11-954

The Chargé in Japan (Parsons) to the Acting Director of the Office of Northeast Asian Affairs (McClurkin)

SECRET
OFFICIAL–INFORMAL

TOKYO, November 9, 1954.

DEAR BOB: MAAG has just completed its third revision of the Country Statement for Japan. In view of the limited number of copies sent back to Washington, I am attaching one of the Embassy's two copies for your use. [1]

The Country Statement contains a considerable amount of useful, factual material. However, the most striking aspect of the

[1] Not found attached.

Statement from our viewpoint is the conclusion evidently drafted under Jerry Higgins' personal hand, and the covering memorandum which we would guess was written by General Magruder personally. Jerry's conclusions represent in a sense the military estimate underlying our "New Look" paper, whereas General Magruder's memorandum clearly is a defense of our present policies in Japan.

General Magruder was probably most aroused by the statement that the JCS force goals are both unrealistic and misleading. As I believe I mentioned, before, both the Deputy Chiefs of Staff have informally indicated to me their agreement with the conclusions reached by Jerry. However, for the present they are inhibited from making these views formally known.

Naturally, we would be interested in getting Pentagon reaction to the conclusions reached in the Statement, since their reaction would give some indication of Pentagon receptivity to a reappraisal of our defense program in Japan. [2]

Yours sincerely,

JEFF

[Attachment]

The Adjutant General, Far East Command (Nelson) to the Department of the Army

SECRET [TOKYO, undated.]

Subject: Submission of Quarterly Review of Country Statement, Japan FY 1955 (unclassified)

1. Reference letter, G–4/M–2 (72991), Department of the Army, 18 December 1953, subject. "Country Statement Non-NATO Countries, FY 1955 MDA Program". [3]

2. In transmitting the attached report [4] by the Chief, Military Assistance Advisory Group, Japan, concerning matters related to the responsibilities of MAAG–J for the three months' period ending 30 September 1954, and in supplement thereto, the following comments are submitted for your consideration:

a. The islands of Japan provide the largest portion of a complex of air and naval bases from which to conduct military operations against Communist power in the Far East. Current U.S. war plans

[2] The source text bears a marginal note in Parsons' handwriting: "Please note that judgements expressed could be embarrassing to individuals if distribution of this letter is not rigidly controlled."

[3] Not printed.

[4] See footnote 1, *supra*.

and policies assign to Japan key roles in the outer perimeter defense of the Western Hemisphere, as a bastion of the free world in the Far East and particularly as a source of military supply and equipment for the forces of the free world in case of future world conflict.

b. As long as the current U.S. strategic concept prevails, Japan will be defended by either U.S. forces, her own forces or a combination of both. This defense will include atomic retaliation on a massive scale and must be assumed to be adequate to prevent annihilation by atomic attack. Based on the assumption that annihilation of U.S. and Japanese forces and complete destruction of Japanese defense industries through atomic attack is not possible of accomplishment by the Communists, it is mandatory that defense industries be created and maintained in Japan. These industries are required to provide for the maintenance of such defense forces as the Japanese may themselves develop, thereby reducing their dependence upon U.S. aid for the maintenance of these forces. In addition, these defense industries are required to provide the necessary mobilization base for rapid expansion in the event of major world conflict, at which time Japan will be called upon to become the arsenal of the free world in the Far East. For these reasons, the creation of essential defense industries must have a high priority in the allocation of U.S. financial and economic aid to Japan.

c. The negotiation of next year's Japanese defense budget (and Japan's share of USFJ local costs) will bring to the fore perhaps the most important decision the U.S. has had to make in Japan since the peace treaty went into effect. The Japanese Government must be persuaded to provide for the maximum self defense by Japan in consonance with her economic capabilities and as rapidly as possible. We must convince Japan that she cannot rely on U.S. economic and military aid indefinitely—that she must not only raise and maintain armed forces but must create at the same time the industrial capacity to support those forces. Japan must be made to understand that we will assist her for a limited time in this effort provided there is assurance on her part that she will maintain the necessary security measures and military posture to protect herself and her industrial plans from internal subversion and Communist attack. Japan must be assured that in the event of major conflict between the forces of Communism and the free world, the free world will assist in the defense of Japan and will rely heavily upon Japan as a source of military supply and equipment.

d. Japan's economic position is the most important and potentially hazardous long range consideration. The dominant factor in that position is her present inability to export in sufficient volume to pay for essential imports. So long as this condition continues (and it can be improved only slowly) she must rely on the U.S. economically as well as militarily. When the condition is corrected she will be able to advance toward her natural position as the industrial heart of Asia. The energies and skills of her people may save Japan if the industrial base can be modernized and improved sufficiently to meet competition in world markets. Such a program requires strong methods in Japan and great assistance from outside Japan.

Japan cannot improve her economic position by her own unaided efforts and simultaneously create and support large military forces.

e. There appears to be no acceptable alternative available to the U.S. but to press forward with a coordinated and integrated economic and military aid program wherein the military expenditures continue to contribute to the economic build-up of Japan while at the same time affording the maximum amount of discouragement to Communist aggression.

3. It is also desired to refer to CINCFE message C 69863, October 1954, [5] which deals with the development of defense industries and offshore procurement in Japan and to again emphasize that the development, equipment and maintenance of military forces in Japan and other Far Eastern non-Communistic nations, assisted by the Military Defense Assistance Program, must be supplemented by the development of defense industries in Japan to support these forces both in peace and in event of hostilities. Maximum strategic and logistic advantages accrue to the United States through offshore procurement in the Far East of long lead time items and combat critical items currently being issued which will be needed to maintain U.S. equipped forces of Far Eastern friendly nations. The production base resulting from offshore procurement in Japan will, in the event of war, permit partial early supply and maintenance of Far Eastern friendly forces from indigenous sources and will reduce dependence on U.S. sources. This is especially important during the early months of hostilities. The development of Japanese defense industry becomes especially important when examined in the light of U.S. industrial mobilization plans. Such plans do not envisage an adequate supply of critical items to our allies from U.S. production during the first year of war. Moreover, transportation is not expected to be available during that period in the volume required to move such items to our Far Eastern allies because of higher priority requirements. In addition to the strategic and logistic advantages, offshore procurement in Japan of equipment for friendly Far Eastern nations provides Japan with dollars which she desperately needs to maintain economic stability. That stability is essential to restrain the growth of Communist elements in Japan. These dollars reduce the need for direct U.S. economic aid to Japan. They make her more able to import needed modern equipment and technical knowledge which contribute to her ability to support herself economically and militarily. Finally, U.S. funds may often be conserved by buying in Japan at prices below ZI prices.

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[5] Not printed.

4. Request distribution be made of inclosed copies 1-21 [6] to Department of Defense agencies as indicated on subject Country Statement.

For the Commander in Chief:
C.W. NELSON
Colonel, AGC

[6] None printed.

No. 825

611.94/11-954

Memorandum of Conversation, by the Ambassador to Japan (Allison)

CONFIDENTIAL [WASHINGTON,] November 9, 1954.

Subject: Conference with Prime Minister of Japan, Mr. Yoshida

Participants: The President of the United States
Asst. Secretary of State for Far Eastern Affairs, Mr. Robertson
American Ambassador to Japan, Mr. John M. Allison
Prime Minister of Japan, Shigeru Yoshida
Japanese Ambassador, Mr. Sadao Iguchi

After greeting by the President, Prime Minister Yoshida said that he had been instructed by the Emperor and Empress to convey to President Eisenhower, to Secretary Dulles, and the American people, the great appreciation of their Majesties for the manner in which the Japanese Crown Prince was received on his visit to the United States last year. [1] Prime Minister Yoshida stated that the Crown Prince had also requested him to convey his personal thanks for the kind treatment he had received and to inform the President that the trip throughout the United States had been one of the high spots of his world journey.

The President expressed appreciation for this message and said that it was his desire and that of the United States Government that everything possible should be done to better the relationships between Japan and the United States. The President pointed out that in addition to the sentimental reason for strengthening these friendly relations, it was only hard-headed business sense for all of

[1] Crown Prince Akihito had visited the United States in September 1953, as part of a world tour.

the free nations to work together in the closest harmony in the face of the constant threat of Communist aggression.

The President pointed out that while he was not at all certain that Soviet Russia desired war at this time, nevertheless this remained a possibility and that if it should come, all of the free nations would be involved at almost the same time. The President said that he believed that the strength of the free world had been so increased that the Soviet Union would no longer find it possible to pick on one country or area at a time but that it would be necessary for it to attack in many places at once and not give large sections of the free world time to rally for counter attacks. While probably the initial effort of the Soviets would be directed against American industrial and airpower, attacks on other areas such as Japan would certainly not be long delayed and that we would all be in it together.

Mr. Yoshida seemed to concur in this view and said that he and his government were much concerned at Communist propaganda efforts directed at Japan. He said the Communist peace offensive was being stepped up in Asia and that evidences of Soviet "double dealing" were increasing. He pointed out that while the Soviets were attempting to convince the Japanese people of the dangers of American imperialism they were at the same time telling the people of Southeast Asia of the dangers of renewed aggression from Japan. In the Prime Minister's opinion it was most important for the free nations to take the propaganda offensive away from the Communists and Mr. Yoshida was particularly impressed with the necessity of the United Kingdom, the United States and Japan cooperating in Asia in countering the Communist machinations. The Prime Minister said that while he had been in London he had discussed this matter with Sir Anthony Eden and had been told that while the British agree on the importance of countering Communism in Asia they did not wish to take any action without making certain that it was in accordance with American policy insofar as possible. Prime Minister Yoshida said that he had suggested to Eden that the three countries might well set up some sort of organization in Singapore under the leadership of the able British High Commissioner Malcolm MacDonald. [2] Mr. Yoshida said his government was prepared to send a high calibre official to Singapore accompanied by a staff with training and experience in China and Russia and with a knowledge of Communist methods. In response to a question from the President, Mr. Yoshida said he had not yet discussed this matter with the Department of State but that he hoped to bring it up at his meeting later in the afternoon with Sec-

[2] Commissioner General for Southeast Asia.

retary of State Dulles. The President said he was certain that American officials would always be ready to discuss any plan for cooperation against Communism and he expressed in this connection the highest regard for Malcolm MacDonald.

(Although Prime Minister Yoshida has often in the past expressed the hope that the United Kingdom, United States and Japan could cooperate in countering Communist propaganda in Asia, this is the first time he has made any specific suggestion as to how this might be done.)

The President expressed his interest and that of the American government in Japan's economic health and said that it was our desire to do everything possible, in the light of our world-wide commitments, to assist Japan on the road she was now following. The Prime Minister expressed appreciation for the help which had been given by the United States to Japan after the occupation and said that without this help it would have been impossible for his country to have done what little it had in improving the livelihood of its people.

The Prime Minister pointed out that the success of the present Japanese Government austerity program had brought with it certain problems including a large increase in Japanese unemployment as well as an intensification of criticism of the present Government.

In connection with the general discussion of the world situation, the President expressed the hope that progress would be made in developing the peaceful uses of atomic energy and expressed regret that the continued lack of Soviet cooperation made it necessary to devote a major share of atomic capabilities to destructive purposes rather than to the advancement of mankind.

Luncheon was then announced and the party broke up and the President led the way to the dining room to the tune of popping flashlight bulbs.

No. 826

Conference files, lot 60 D 627, CF 397

United States Summary Minutes of Meeting [1]

OFFICIAL USE ONLY [WASHINGTON,] November 8, 1954—4:30 p.m.
JAT SM-12

[1] Drafted by Finn and circulated on Nov. 10.

Participants

Japanese Side	*United States Side*
Prime Minister Yoshida	Secretary of Defense Wilson
Ambassador Iguchi	Vice Admiral Davis
Minister Aichi	Mr. Charles Sullivan
Mr. E. Sato	Mr. Richard B. Finn
Mr. A. Matsui	

Defense Roads

Prime Minister Yoshida recalled that he had discussed with Secretary Wilson the subject of constructing defense roads when the Secretary was last in Tokyo [2] and said he wished to stress the importance of this project. The Prime Minister commented that such a construction program would help relieve unemployment caused by Japan's austerity program and would also repair the damage done by heavy United States military vehicles in Japan. He also commented on the fine highways he had observed in the United States.

Secretary Wilson said that a road-building project would be a good thing but that of course he could not go into the question of who would pay for the program. He added that good roads are a benefit for many purposes and not just for military use. The Secretary observed that we all hoped such a road system would not be required for military action in the defense of Japan. An added advantage the Secretary felt is the fact that Japan has all the necessary materials for road construction and would not have to use foreign exchange for this purpose.

Defense Industries

Ambassador Iguchi and Minister Aichi both said that Japan desires to use yen proceeds arising from purchase of United States agriculture commodities for the development of defense industries and asked the Secretary's assistance. Secretary Wilson replied that there are a number of problems connected with the sale of these agricultural commodities and the use of the yen proceeds. He said he understood these problems were being discussed at different levels by representatives of Japan and the United States.

The meeting ended at 4:45 p.m.

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[2] In May 1954. In a position paper dated Nov. 5, prepared for the Yoshida visit, Lt. Commander Harriet P. Coxen of the Department of Defense stated in part that Japan was currently requesting a $210 million contribution (largely in U.S.-held yen) over a 2-year period for this project and that General Hull considered it militarily desirable. "U.S. will give attention to Japanese proposal for assistance in connection with road construction plan under the surplus agricultural program, but considers it of low priority in comparison with other phases of defense and economic development in Japan, such as rearmament, industrial defense base, communication and warning systems, agriculture and power development, development of export industries and other measures of national interest." (Conference files, lot 60 D 627, CF 397, JAT D-2/5b)

No. 827

Conference files, lot 60 D 627, CF 397

United States Summary Minutes of Meeting [1]

SECRET [WASHINGTON,] November 9, 1954—4:15 p.m.
JAT SM-14

Participants

The United States

John Foster Dulles, Secretary of State
Walter S. Robertson, Assistant Secretary for Far Eastern Affairs
John M. Allison, United States Ambassador to Japan
William J. Sebald, Deputy Assistant Secretary for Far Eastern Affairs
Robert J. G. McClurkin, Acting Director, Office of Northeast Asian Affairs

Japan

Shigeru Yoshida, Prime Minister of Japan
Sadao Iguchi, Ambassador of Japan to the United States

1. Anti-Communist Measures.

Prime Minister Yoshida said that he had spoken to President Eisenhower about a counter peace offensive against Communist propaganda in the Far East. He described various evidences of an intensification of Communist propaganda attacks upon Japan and the other free nations of Asia. He said that he would like tentatively to make a suggestion that to counter these Communist propaganda attacks a "high command" be set up at a central office in Singapore under Malcolm MacDonald. To this office the United States, the United Kingdom, the French and the Japanese would send representatives to exchange information and discuss means for countering Communist propaganda. He had discussed this subject with both Eden and Mendes-France. He emphasized that he was talking just about a general principle, the details of which could be worked out later.

Secretary Dulles said that it was certainly a very interesting suggestion and that he was pleased to see that the Japanese are doing creative thinking about the means of countering Communism in Asia, even though there may be reasons why the present proposal

[1] Prepared by McClurkin and circulated on Nov. 17.

might be difficult. We will certainly consider it very seriously, although the parties to the Manila Pact may think that this kind of thing is something which should be handled within the framework of the Pact. However, we want Japan drawn into collective activities in the area because if Japan and the United States and others of like mind can work together we can learn from each other and make all our efforts much more effective.

In response to a comment by Prime Minister Yoshida, about the desirability of bringing the French into any effort of this sort, the Secretary commented on the fact that the French are over-extended in the world and having to cut their commitments. This is the fundamental reason for the dangerous situation in Indochina which has allowed the Communists to move in. The problem of adjusting French interests to the new conditions in Indochina will be very delicate and difficult. For our part, we have sent General Collins [2] out to try to cope with the very unsatisfactory situation in Vietnam.

Secretary Dulles asked whether there is anything additional the Japanese can do to counter Communist activity within Japan, saying that he was disturbed by reports of their moving into key positions in labor unions.

Prime Minister Yoshida said that he had recently established a special Cabinet committee to fight Communist propaganda within Japan and that this Committee is already commencing its work.

2. Reparations.

Prime Minister Yoshida reported on the recent reparations agreement with Burma. He added that he had talked privately with Laurel [3] in New York and he hoped that as a result of this conversation the reparations talks with the Philippines might be opened. Secretary Dulles said that he had been very pleased to see the satisfactory agreements with Burma. He believes that these reparations agreements can be regarded as an investment for future good will and trade relations and that the Japanese can therefore afford to pay something in order to strengthen their ultimate position in Southeast Asia.

Prime Minister Yoshida then commented on the difficulty Japan would experience in meeting these commitments and suggested the possibility that the United States might guarantee the reparations settlements so that in case they proved too great a burden for the Japanese economy the claimants could be paid. He went on to say

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[2] Gen. J. Lawton Collins, Special Representative of the United States in Vietnam with the personal rank of Ambassador.

[3] Senator José Laurel, in the United States for discussions on U.S.-Philippine trade.

that on his trip he had found himself everywhere in the position of a bankrupted banker. Everyone he visited had claims against him—the Italians, the French and the United Kingdom. The United Kingdom had pressed him hard on an Article 16 settlement.[4] Secretary Dulles commented that he did not believe that the Prime Minister's suggestion would be either in the Japanese interest or in ours. If all those countries with claims against Japan thought that we would guarantee Japanese payment, their claims would skyrocket. It is far better for the Japanese to settle reparations claims and the Article 16 problem now while their economic position is not too satisfactory.

3. Japanese Position in the World.

Secretary Dulles expressed his concern that Japan develop the spirit and strength to resume a place as one of the great nations of the world. He is distressed that there still seems a tendency on the part of Japan to coast along rather than a positive effort to develop the desire and ability which Japan must play if the ruptured balance of power in Asia is to be restored. Japan's new role obviously would not be based on any vision of conquest but on what a great and industrious people can accomplish. He discussed the situation in Europe where the United States is manifesting a willingness to back the strength and determination of others to shape their own destinies. The effort by Germany has produced outstanding results. The United States is always more willing to give help under conditions of this sort. He believed that the United States and Japan could work together much better if Japan captured this vision of greatness and will to achieve. He said that the Japanese have a great store of understanding and knowledge about Asia which it is very difficult for the United States as an outsider to have. For example, there should be extensive talks between us on how best to deal with Communist China and how to reconstruct the balance of power in Asia. The Secretary concluded by saying that it was only because he felt that the Japanese know he has a real regard for the Japanese people that he had been speaking in this way.

Prime Minister Yoshida said that the Japanese have no idea of depending too much on the United States or of misusing United States generosity. However, they do state their actual situation and their difficulties. The Japanese ambition is to rebuild Japan to a secure independence, both economic and political. Secretary Dulles said that the new austerity program is a very good step in that direction and that it had a good reaction in United States public

[4] The major documents concerning these negotiations are in file 694.001 for 1952–1954.

opinion. Prime Minister Yoshida said that the Japanese want to use reparations to help rebuild Southeast Asia and develop wider markets there for themselves and other nations. Secretary Dulles replied along the lines of his November 9 press conference, emphasizing the lack of absorptive capacity in Southeast Asia as contrasted with Europe at the time of the Marshall Plan and the need for careful prior planning before attempting to put huge sums of money into the area. [5] He said that we want to work in cooperation with Japan and other countries to build expanding economies in South and Southeast Asia.

4. Trade.

Secretary Dulles emphasized that trade with Southeast Asia is probably a better prospect for Japan than trade with the United States. He showed Prime Minister Yoshida a brightly patterned flannel shirt made in Japan of cheap material exactly copying a better quality cloth made in the United States, and said that an influential Senator had discussed this subject with him. He commented that this is one of the reasons the Japanese have difficulty in expanding their trade.

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[5] The following exchange occurred during the press conference:

"Q. Mr. Secretary, Premier Yoshida of Japan yesterday in a speech suggested a very large scale investment program and development program for Southeast Asia, saying that it was bound to go Communist if such a program were not carried out. Would you care to comment on that, sir?

"A. Well, we are of course well aware of the economic and social problems which exist in Southeast Asia, and we desire, within limits that are practical and workable, to contribute along with others to the amelioration of those conditions. There has been a tendency, not by Mr. Yoshida himself but by others, to assimilate the Yoshida suggestion to the Marshall Plan both in terms of character and amount. It is true that Mr. Yoshida did suggest an amount which is somewhat comparable to the Marshall Plan figures.

"I think, however, it is necessary to bear in mind that the conditions which exist in Southeast Asia are quite different from the conditions which existed in Western Europe, where you had a highly developed industrial society and the task was to rehabilitate a plant which had been in being, which had been used and which the people knew how to use, and to recreate it as against the damage and disruption which had been caused by the war. In the case of Southeast Asia you're starting, so to speak, from scratch, and the nature of the problem is quite different. And I'm not today convinced that it would be practical to attempt to spend, on that effort, certainly at the beginning, any such figures as would compare with the Marshall Plan figures. But the whole matter is receiving the very earnest consideration of the Government and I expect to have very full talks and exchanges of views with Prime Minister Yoshida about it and with the leaders of other Southeast Asian and Western Pacific countries. That is one of the big subjects which we are exploring, have been exploring, and will continue to explore intensively over the coming months." (Department of State, "Press Releases", 1954, No. 634) Yoshida had delivered his speech at the National Press Club.

For documentation concerning U.S. policy with regard to a regional economic development program, see vol. XII, Part 1, pp. 1 ff.

5. War Criminals.

Prime Minister Yoshida said that he was not asking for a general amnesty for war criminals but that the question was a very disturbing one for the Japanese public and he hoped that the United States could speed up the consideration of the cases on which the Japanese Government had made recommendations. The Secretary commented on President Eisenhower's interest on this subject and then referred to the recent change in the rules of the Clemency and Parole Board which allows a parole after ten years. He said that we will do our best to speed up the process of examining the individual cases.

6. GARIOA.

Secretary Dulles asked when the GARIOA settlement could be reached. Prime Minister Yoshida said that his government's position is to pay this claim and that the question is being discussed in Tokyo. The Secretary said that we appreciate the honorable attitude of his government and that we are not going to attempt to squeeze every penny out that we can get. However, he does believe it is desirable to settle the question soon. Ambassador Allison commented that an agreement is almost reached on the figure and that perhaps people on both sides are going into too much detail. The important thing now is to reach early agreement on the amount of repayment. Secretary Dulles commented that he believes the Japanese will find that the United States is a very reasonable creditor. Prime Minister Yoshida said that he would attempt to speed up the settlement as soon as he returns to Tokyo.

7. Japanese Relations with Korea.

Secretary Dulles said that it is a very bad thing for friendly nations of the area not to be more closely knit among themselves but he was afraid that the problem of Japanese-Korean relations would take time to solve. The United States has made a number of efforts, particularly at the time President Rhee was here. We still stand ready to help improve Japanese-Korean relations and are willing to provide a mediator or an observer in any resumed mediations if both sides want such a person. At the moment, however, our efforts seem merely to have succeeded in persuading the Koreans that we are pro-Japanese. Prime Minister Yoshida said, "Time will cure this problem. We must wait."

No. 828

FE files, lot 55 D 480

Memorandum of Conversation, by the Ambassador to Japan (Allison)

SECRET [WASHINGTON,] November 10, 1954.

Subject: Japanese Rearmament

Participants: Japanese Ambassador to the U.S. Mr. S. Iguchi
American Ambassador to Japan Mr. John M. Allison

At the Secretary's dinner for Prime Minister Yoshida last evening Ambassador Iguchi took me aside and said he had noted that the Secretary had not brought up with Mr. Yoshida the question of defense goals for the coming year. He assumed that the Secretary preferred to have this matter discussed in detail in Tokyo.

Mr. Iguchi then went on to say that he wanted me to know that the Prime Minister did not agree with Finance Minister Ogasawara that any increase in the Japanese defense budget for the coming year should be made up in its entirety by a cutback in the Japanese contribution to the American forces in Japan. According to Ambassador Iguchi, the Prime Minister supports the view presented here to Assistant Secretary Robertson and to me in Tokyo by Foreign Minister Okazaki which, in brief, is that while it will be necessary for Japan to request a substantial reduction in their contribution to the American forces, nevertheless they should also make an increase in their defense budget on their own. Ambassador Iguchi said that the Prime Minister was determined that this should be the government's policy.

I expressed pleasure at receiving this information and I pointed out that in my opinion if Japan should adopt Finance Minister Ogasawara's position it would create a most unfavorable reaction in government and Congressional circles here and might well jeopardize continued American economic and military assistance to Japan.

No. 829

Eisenhower Library, Dulles papers, "Telephone Conversations"

Memorandum of Telephone Conversation, Prepared in the Department of State [1]

[WASHINGTON,] November 10, 1954—11:54 a.m.

Telephone Call From Gov. Dewey [2]

The Sec. returned D.'s call of yesterday.

D. said Yoshida had a number of things of great importance [3] and solicited D.'s help. D. said he would be glad to do what he could but didn't say what.

1. War criminals. Apparently we are responsible for quiet a batch of them. The Sec. said the Pres. has personally taken a stiff line on this—of course, it is from the Army's point. D. mentioned 5,000 residents of [Bonin] Islands. The Sec. said Defense is rabid on that.

2. Immigrants to South America. It is an initial approach to the population problem and would help develop trade in SA.

3. Reparations. The Sec. said they want the difference of what they can pay and what they can't pay. The Sec. said they should negotiate on the basis that we would not pay—then the price would not go skyhigh. The Sec. mentioned our willingness to help.

4. Fishing business.

5. Counterpeace offensive. D. said that Y. did not have the unanimous support of his group on that. The Sec. did not know that, and said his ideas are a bit fuzzy. The Sec. tried to get him to develop it. Singapore is far from China and the difference in the US and UK policies would make it difficult to find a common ground. The Sec. told him the idea appeals in general.

D. said the principal objectives should be to shore him up in his govt. The Sec. said some feel the political animosity is such, it might be better for him to retire. They don't have anyone who is his equal. The Sec. said he has excluded all the Delegation from meetings except Iguchi. He is very rough in his treatment of people.

The rest of the conversation referred to the election, organizing the Senate, the Davies [4] case, gout. Not anything of world-shaking importance—just general conversation.

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[1] Prepared by Bernau.

[2] Thomas E. Dewey of New York.

[3] The editors have been unable to determine the date of the Governor's conversation with Yoshida. The Prime Minister was in New York City Nov. 2-7.

[4] John Paton Davies, a Foreign Service Officer, had been dismissed by Secretary Dulles on Nov. 5.

No. 830

Editorial Note

On November 10, the White House issued a statement by President Eisenhower and Prime Minister Yoshida. For text, see Department of State *Bulletin*, November 22, 1954, page 765.

Department of State files contain several memoranda of Yoshida's conversations with officials of cabinet rank other than those printed in this compilation. All such memoranda are in Conference files, lot 60 D 627, CF 397.

On November 12, the Department issued a press release concerning trade agreement negotiations with Japan, which began in Geneva on February 21, 1955, under the sponsorship of contracting parties to the GATT. For text of the release, which includes formal notice of intention to negotiate, see Department of State *Bulletin*, November 22, 1954, page 767. Information on these negotiations will appear in a forthcoming volume of *Foreign Relations*.

Yoshida left Washington on November 13 and arrived back in Japan on November 16.

No. 831

FE files, lot 55 D 480

Memorandum by the Acting Director of the Office of Northeast Asian Affairs (McClurkin) to the Assistant Secretary of State for Far Eastern Affairs (Robertson) [1]

SECRET [WASHINGTON,] November 18, 1954.

Subject: GARIOA

I attach a draft telegram (Tab A) [2] which would instruct our Embassy in Tokyo to try to bring the GARIOA negotiations to a conclusion, and which would inform the Embassy that the Department would recommend acceptance of any firm offer above $600 million without regard to the theory of computation. From our discussions with Takeuchi and Suzuki here, we believe that the chances of an agreement in the near future are appreciably greater if we can go down to $600 million because the Japanese are anxious to demonstrate to the Diet that the claim of $47 million based upon Japanese coal shipped to Korea during the occupation has been deducted from the amount payable to the United States.

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[1] Routed through Baldwin.

[2] Not printed.

The Treasury Department does not agree with the proposed instruction, and considers that the Embassy should be told that the lowest figure for which the United States is prepared to settle is approximately $630 million. This is the lowest figure which results from computations which are generally accepted as in accord with the NAC decision.

We think that the United States stands to gain little and to lose much by balking at the difference which is involved here and that our Embassy should now have sufficiently flexible instructions to conclude the negotiation. In view of the prospects for the Japanese economy, we think the Congress would not complain about a settlement which on a percentage basis fell slightly below the German.

If we accept an amount less than about $630 million, the matter may have to be referred again to the NAC. The draft telegram is couched in terms of the State Department position and would not commit other agencies, but it would be rash to give the Embassy any instruction which the Treasury Department was not willing to support in the NAC.

Recommendation

It is recommended that you or Mr. Baldwin speak to Mr. Overby and seek to persuade him that our Embassy should be instructed to conclude the negotiations for any figure above $600 million on German terms. [3]

[3] The attached draft was not sent. In telegram 1103 to Tokyo, Dec. 1, drafted in NA and cleared with NM and the Department of the Treasury, the Department stated: "During Washington visit Yoshida agreed try expedite GARIOA settlement upon return Tokyo. Every effort should now be made conclude negotiations, $630 million appears minimum acceptable within NAC decision." (794.5 MSP/12-154)

No. 832

611.94/11-2354

Memorandum by Alice L. Dunning of the Office of Northeast Asian Affairs to the Acting Director of That Office (McClurkin)

SECRET [WASHINGTON,] November 23, 1954.

Subject: Critique of Embassy Reappraisal of US Policy toward Japan. [1]

[1] The first page of this paper bears two handwritten marginal notations. The first reads: "Very good. N [oel] H [emmendinger]". The second reads: "I agree that it is very good, and I also agree with most of what it says. However, to make the points. I think you may have overstated the Embassy case somewhat just as a prelude to arguing against it. On the whole, there is not a great deal of disagreement about what we actually should do. R [obert] J. G. M [cClurkin]".

While agreeing with the basic theme set forth in the Embassy's reappraisal of US policy toward Japan—that the defense question should be deemphasized. I have serious questions with respect to the hypothesis on which this conclusion is based as well as certain courses of action presented as alternatives to our present policy. While the following comments highlight a few broad points of disagreement, this memorandum was intended in no way to depreciate the outstanding paper prepared by the Embassy.

I. Divergence of National Interests as Basic Impediment US–Japan Coordinated Political and Economic Activity

The Embassy takes the defense relationship between the US and Japan as the cardinal issue between the United States and Japan impeding coordination of political and economic activity in Japan and the construction of a durable basis for US–Japan cooperation. This hypothesis, on which the Embassy conclusion, recommendations, and exposition is based, is open to serious question. We have recognized for some time that Japan could be expected to follow a more independent policy within the framework of the US–Japan alignment. It would appear that it is this general trend in US–Japan relations rather than the specific issue of defense that is responsible for US–Japan misunderstandings. The question of trade and other relations with Communist China and the implications of such intercourse for future Japanese alignment with the US would have offered an equally vulnerable jumping-off place for a new look at Japan policy. Furthermore, it would appear that the Bikini experiment, subsequent developments and public hysteria have done more to prejudice US-Japanese relations than any negotiation on defense matters. The continuation of the series of tests in the Pacific offers the prospects of other accidents resulting in a series of compensation claims and prejudicing good will between the US and Japan. European reaction to the Bikini tests indicates that Japanese sentiment is neither unique nor isolated. Hanson Baldwin's article in the November 7 edition of the *New York Times* on the potential danger of radioactive ash can not be considered hysterical or uninformed.

Is it not probable that strong US pressure on any number of issues where US-Japanese interest diverge will affect constructive US–Japan relations?

II. Embassy Subjectivity

It would appear that the Embassy in Tokyo has fallen victim to the same "provincialism" which is apparently prevalent among large segments of the Japanese People—fear of Japan's safety in the event of nuclear warfare; attraction to neutralism; and psychological nihilism. It is recognized that the only effective policy is one

based on the realities of the situation and courses of action that can become operable. On the other hand, such policy must take into account the many factors affecting US national interests and may, therefore, have to reach beyond a simple adjustment to the psychoses and fears of certain elements of the Japanese population and perhaps the US Embassy.

It is possible that the Embassy has overlooked the basic relationship between Japan's search for nuclear safety and its desire to pursue more independent avenues of action. The continuance of Japan's alignment with the US in the past has been in part attributable to the fact that confronted with the danger of hot war, the lack of opportunity to pursue a more independent policy has counterbalanced Japanese phobias with respect to nuclear weapons. Should Japan become convinced—as present Communist strategy intends—that an era of "peaceful coexistence" is possible, the US will be less able to control Japan's search for independence, particularly in light of its fears of becoming involved in the middle of a nuclear war. Herein lies the crux of US-Japanese difficulties—the necessity of convincing Japan that its future lies with the United States.

III. Magnitude of Defense Issue

It is slightly startling some several months after the Japanese Government has received Diet approval of important defense legislation, the Mutual Defense Assistance Agreement and the Agreement for the Loan of Naval Vessels [2] and several months after many segments within the US have reconciled themselves to travelling at Japanese speed with respect to defense measures, to receive a proposed new policy toward Japan revolving so highly around an issue relative to which substantial agreement based on a mutual moderation of views, has been reached between the US and Japanese Governments. It is recognized that the Japanese may not be aware of these developing attitudes in the US and that there may be strong resistance in certain military quarters to any relaxation of US pressure. It is also recognized that future negotiations on this subject will be delicate and that any action will be interpreted as "pressure", but presently the US appears willing to follow a reasonable approach. nevertheless, it is a good idea to write this new approach in a revised NSC paper.

IV. US pressures for Internal Security Measures Equally Explosive

It is recognized that initial US post treaty policy toward Japan over-estimated Japan's desire and capacity to increase its defense

[2] For text of the Agreement for the Loan of United States Naval Vessels to Japan, with Annex, signed at Tokyo on May 14, 1954, see TIAS 2985; 5 UST 1014.

forces. As indicated above out of a review of the situation there is developing a moderate and flexible position. The Embassy now proposes a new "cause celebre"—that of internal security measures. Unfortunately, widely shared Japanese opinions and emotional reactions, such as fear of nuclear warfare and tests, a desire to reach a *modus vivendi* with mainland China, and a drive to act independently—are easily tagged as Communist inspired rather than recognized simply as characteristic Japanese attitudes which unfortunately are readily susceptible to Communist exploitation.

The theme of Communists in government, labor and education is thus to be exported to Tokyo. The merits of a program of internal security are recognized, but so is the danger of the imposition of such a program from the outside. Again we are forced to the conclusion that the Japanese will move at their own pace. It is noted in this connection that the Yoshida Government has moved in the right direction even though slowly. Perhaps a more important concern to moderate conservatism in Japan is to walk a very careful path between the maintenance of civil liberties and democratic prerogatives on one side and the imposition of controls that touch of [*on*] totalitarianism on the other. The balance is more delicate in Japan than in the United States. Perhaps the Yoshida Government has attuned its actions to what is politically feasible.

Furthermore, the Embassy speaks of "internal security measures" in rather broad vague terms. Taking into consideration various sections of the present despatches as well as earlier ones it is possible to conclude that the Embassy is driving at such problems as protection of classified material, removal of Communists from Government positions, refusal of the Government to grant Communist dominated trade unions the rights of collective bargaining, prohibition of Communist activities among teachers, and outlawing of the Japanese Communist party. It is questionable to what extent implementation of the foregoing, even if possible, would counteract the present tendency among most Japanese intellectuals and students to think in Marxist terms. It is these students who will become the bureaucrats and teachers of tomorrow. Whatever steps the US decides it is advisable to take on the narrow aspects of this problem must be supplemented by a more subtle approach in terms of undermining the influence of the Marxist interpretation of history which contains not only its own fallacies (for example the Surplus Labor Theory of Value) but also all the pitfalls of 19th century German metaphysics, particularly as set forth in the Hegelian dialectic.

V. Embassy Conditions to US Reduction under Article XXV

The Embassy would make US agreement to a reduction in Japan's contribution to the support of US forces in Japan dependent on Japanese measures in the field of economic austerity and internal security. Such linkage would undoubtedly create another negotiating impasse and prejudice even the minimum expansion indicated by the Japanese Government. The proposed establishment of a joint US–Japan Council which would be empowered to require and receive specific reports and to make recommendations for appropriate action contains *shades of the occupation.* It is doubtful if a suggestion of this nature would constitute an effective basis for US-Japanese relations. The Embassy implies that it is within United States capabilities to influence internal political developments in Japan. It is questionable whether US efforts directed toward any of the avenues where US–Japan interests diverge are likely to be more productive than in the field of defense.

VI. Japan's role in US Strategy in Far East

The Embassy questions the strategic importance of Japan to the US and suggests a review of the existing estimate in the light of new weapons developments etc. However, while raising this challenge, the Embassy accepts the present estimate in suggesting that the Security Treaty be converted into a Mutual Defense Treaty on condition that Japan agree to long term US occupancy of air and naval bases and US use of special weapons in Japan. In other words the US would condition its aid to Japanese forces on Japan's taking certain austerity and internal security measures (the accomplishment of this is seriously questioned) and would withdraw its marginal forces from Japan at the same time committing ourselves even more fully to the defense of Japan through a Mutual Defense Treaty and recognizing Japan's strategic importance through long term US occupancy of air and navy bases and the use of special weapons. What does the Embassy envisage that Japan will do in terms of its own defense? Should not a US guarantee of this nature require some contribution from Japan, however moderate? In this connection is not a possible solution that of recognizing Japan's own interest in its new defense forces, rather than trying to impose on Japan arbitrary force goals and US standards and methods. The rapid overturn in ground forces is recognized by the Japanese as an unprofitable investment. Therein lies one motivation in building up their air and naval forces. Moreover, Japan recognizes the overwhelming necessity of air and naval defense and would deemphasize ground forces for the same reason that the Embassy has suggested that the United States retain long term air and naval bases in Japan.

However, aside from the minor point of whether or not the Embassy practices what it preaches, the core of the Embassy paper is the question of the importance of Japan to United States security. The answer to this question in the light of the hard realities of the political and economic problems of Japan is prerequisite to determining the price we are willing to pay to achieve existing objectives in terms of military and economic assistance, and security commitments.

VIII. Conservatism–Leftism in Japan

The Embassy paints conservatism and leftism in Japan in rather arbitrary tones. The conservatives can be relied upon and should therefore be supported even though they haven't done very well so far. Whatever is anti-American is leftism. It is interesting to recall in this context two of the few resolutions unanimously approved by the Japanese Diet—trade with mainland China and postponement of further thermonuclear tests. These two issues were raised earlier as indications of Japan's interest in following a more independent policy. These issues cut across all groups and cannot be simply identified as leftist. The Embassy points out that the information media in Japan is largely in the hands of leftists. Is this based on the assumption that antiYoshida, anti-rearmament and anti-American themes are necessarily leftist? The Embassy has itself highlighted the possibility that a lot of anti-Americanism stems from anti-Yoshidaism.

IX. Economic Austerity Program

The economic wisdom of pressuring Japan into a program of economic austerity should be explored in the light of the effect of such program on investment, modernization of industry, unemployment, etc.

X. Deficits

This paper has limited itself to general areas of interpretation and has not necessarily directed itself to commenting on such specifics as the wisdom of outlawing the Communist Party in Japan, the method of supporting Japanese membership in international organizations, enlargement of the exchange of persons program, etc.

No. 833

794.022/12-154

Memorandum by the Secretary of State to the President [1]

TOP SECRET [WASHINGTON,] December 1, 1954.

Subject: Sovereignty of the Habomai Islands

At the NSC meeting on November 15, you requested the Department of State to submit a report to you on the United States position regarding the sovereignty of the Habomai Islands. [2]

The established position of the United States is that these islands are under Japanese sovereignty. The Japanese Treaty did not involve any renunciation by Japan of sovereignty over these islands. In the Treaty, Japan did renounce any interest in the Kuriles Islands, but the United States view, expressed at the Japanese Peace Conference, is that the Habomai Islands are not part of the Kuriles Islands. This is also the Japanese view.

The Soviet Union, however, is in actual occupation of the Habomai Islands, having moved in pursuant to a decision by General MacArthur, who drew a line between Hokkaido and the islands to the north and allowed the Russians to move down to this line. This line, the so-called "MacArthur line", includes the Habomai Islands within the Soviet Zone.

I do not know anything we can do to get the Russians out short of war. [3]

JFD

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[1] Drafted by Dulles and Robert R. Bowie, Director of the Policy Planning Staff.

[2] The request was embodied in NSC Action No. 1271-b. (S/S-NSC (Miscellaneous) files, lot 66 D 95) The subject had arisen in connection with an intelligence briefing during the meeting on the shooting down on Nov. 7 by Soviet aircraft of a U.S. B-29. The content of the briefing is not described in the memorandum of discussion at this meeting, prepared by Gleason on Nov. 16. (Eisenhower Library, Eisenhower papers, Whitman file) For documentation on the incident of Nov. 7, see volume VIII.

[3] In a memorandum to the Secretary, Dec. 2, Cutler stated that he had presented the Secretary's memorandum to the President on that day. "The President noted the memorandum and asked me to say that he would like to have you consider how the facts might be publicized through the United Nations. He thinks the fact that the Soviets have taken control of these Islands without legal authority, and in opposition to the views of the Japanese, should be made known to the world." (794.022/12-254)

No. 834

694.0026/12–854

Memorandum by the Assistant Secretary of State for Far Eastern Affairs (Robertson) to the Legal Adviser (Phleger)

CONFIDENTIAL [WASHINGTON,] December 8, 1954.

Subject: Disposition of Japanese War Criminal Problem.

I have read Mr. Snow's memorandum to you [1] with respect to the ultimate disposal of the Japanese war criminal problem. I agree fully with the recommendation [2] set forth in paragraph 14 that the President be relieved of the onerous burden of considering each case personally and that this function be delegated to the Board.

On the other hand, I believe that political considerations are important in this problem and dictate a more rapid liquidation of the problem than recommended by Mr. Snow. [3] The continued incarceration of Japanese war criminals is an important source of political and psychological friction between this Government and Japan, and is inconsistent with United States policies to develop a close political and security alignment with Japan. Prime Minister Yoshida in his *Aide-Mémoire* of November 10 to the Secretary [4] em-

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[1] This lengthy paper, dated Dec. 8, includes an extensive review of all issues connected with the subject, as well as certain recommendations. (Attached to the source text)

[2] The recommendation was conditional, contingent on whether consideration of parole cases became "too onerous" for the President. Marginalia indicate that Robertson's memorandum was revised on Dec. 13 to correct this error, but a copy of the revision has not been found in Department of State files. The version printed here was apparently not sent to Phleger.

[3] In his memorandum Snow implicitly endorsed the position of the Clemency and Parole Board that no general amnesty be granted. "A general amnesty would be subject to interpretation by the Japanese and the world in general as an admission that the trials were political and that no crimes had been committed. A general amnesty would lose for civilization whatever good has come out of the war crimes trials generally in the way of ameliorating the savagery of war, with particular regard to the treatment of helpless prisoners of war." Instead parole cases should be considered on an individual basis until substantial justice had been done and "only the hard core of bad cases" was left. "When that time has come, before the end of 1957, and all, or practically all, of the remaining war criminals are eligible for parole, it is recommended that consideration be given to a final clearing of Sugamo by a mass parole to all the war criminals convicted by American commissions then remaining in prison."

[4] Not printed. The section on war criminals reads: "The continued incarceration of war criminals is to the Japanese public a highly emotional issue as well as a social and political problem. To the families and relatives of these prisoners it is a tragic matter. To leave this problem unsolved serves only to perpetuate the bitter memories of war. Speedy action is requested." This memorandum, in which Yoshida reiterated the Japanese position on a number of other issues, is dated Nov. 10 but

Continued

phasized the latent friction underlying the war criminal problem and requested favorable consideration by the United States Government.

This issue constitutes a residue of wartime and Occupation policies which it is necessary to liquidate in order to bring United States policy toward Japan in accord with existing international realities. The Japanese feel that a few persons are suffering for a guilt incurred by the nation as a whole; they are resentful of the fact that Communist atrocities in Korea have gone unpunished. Nor do they understand why the United States and other western nations persist in carrying on the war criminal program when the Chinese and Philippines who suffered most severly at Japanese hands have granted full amnesty to all war criminals sentenced by their courts. The Japanese believe that since their nation has been readmitted to international society and is being asked to assume international obligations, particularly in the field of defense, this problem should be relegated to the past as rapidly as possible. As Japan becomes more identified with the free world and this inherent incompatibility in United States policy becomes more evident, the United States will be subject to increasing pressure from the Japanese Government and people. Accordingly, the United States will find it increasingly difficult to implement other policies toward Japan in view of the highly emotional attitude which the Japanese people hold toward the question of war criminals. Moreover, a former Japanese Class "A" war criminal, Mamoru Shigemitsu, who was paroled by SCAP, may shortly become Japan's next Foreign Minister. [5]

I therefore suggest that consideration be given to a final clearing of Sugamo by a mass parole or by expedited periodic paroles at an earlier date than that recommended in paragraph 13 by Mr. Snow. The Board is expected to have reviewed all cases by the end of 1955. In view of the political considerations mentioned above, the early part of 1956 would thus appear the appropriate time to order a mass parole.

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was not delivered to the Department until Nov. 15, enclosed with covering note dated Nov. 12, from Shigenobu Shima, Minister at the Japanese Embassy. (033.9411/11-1254)

[5] Shigemitsu became Foreign Minister on Dec. 10.

No. 835

Eisenhower Library, Eisenhower papers, Whitman file

Memorandum of Discussion at the 228th Meeting of the National Security Council, Washington, December 9, 1954 [1]

[Extracts]

TOP SECRET EYES ONLY

Present at the 228th Council meeting were the President of the United States, presiding; the Vice President of the United States; the Secretary of State; the Secretary of Defense; the Director, Foreign Operations Administration; the Director, Office of Defense Mobilization; the Secretary of the Treasury; the Attorney General (for Item 1); the Director, Bureau of the Budget; the Chairman, U.S. Civil Service Commission (for Item 1); the Chairman, U.S. Information Agency (for Item 2); the Deputy Secretary of Defense; the Chairman, Joint Chiefs of Staff; the Director of Central Intelligence; the Assistant to the President; Robert Cutler, Special Assistant to the President; the NSC Representative on Internal Security (for Item 1); the White House Staff Secretary; and the Acting Executive Secretary, NSC.

There follows a summary of the discussion at the meeting and the main points taken.

. . . . . .

3. Significant World Developments Affecting U.S. Security

The Director of Central Intelligence [2] first discussed the political situation in Japan occasioned by the fall of Premier Yoshida and his replacement by Hatoyama. Hatoyama had solicited Socialist support and had secured it by a commitment to hold general elections in Japan in March 1955. This, said Mr. Dulles, was a matter of anxiety for the United States because in such elections a sufficient number of Socialist members might be returned to the Diet to make it difficult or impossible for the Hatoyama government to secure the two-thirds majority necessary to amend the constitution in order to permit the rearmament of Japan. While pro-American, Hatoyama was known to favor increased trade between Japan and Communist China, on the one hand, and between Japan and the Soviet Union on the other.

The President inquired of Mr. Dulles whether he had in his agency personnel who were competent to give him an answer to

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[1] Drafted by Gleason on Dec. 10.

[2] Allen W. Dulles.

this question: What would be the net effect on China of encouraging Japan to export a variety of consumer goods for use in North China and Manchuria? The intelligence analysis which the President desired was of very great importance. Might not such trade result in an infiltration of democratic ideas into Manchuria and North China? While the President said he was ready to admit that, given the current political temper here in the United States, the U.S. itself must keep up its embargo on trade with Communist China, did this, however, also apply to Japan? Mr. Dulles replied that Premier Yoshida had himself proposed a study similar to the one suggested by the President, but that apparently nothing had really come of it.

The President again urged Mr. Dulles to undertake the study, even though there were risks in any policy of encouraging Japanese trade with Communist China. On the other hand, it would be advantageous if we could make the American people realize the vital necessity for Japan to resume its traditional trade with China. Trade, repeated the President, is after all the greatest weapon in the hands of the diplomat, and he would like to have our own State Department make use of such weapons. Mr. Dulles said that he could prepare an estimate such as the President desired on the probable results of the resumption of the trade in question.

Governor Stassen counseled the desirability of reaching agreement on United States trade policy vis-à-vis Communist China prior to March, if that was the date for the holding of general elections in Japan.

Secretary Dulles said that there was no doubt that the fall of the Yoshida government would bring the question of Japanese trade with the Communist bloc to the fore. Actually it was more a political than an economic issue in Japan. The Japanese were not really likely to get very much by way of an increase in trade with Communist China, even if the current controls were reduced or eliminated. On the other hand, they resented the fact that these controls were the result of American pressure. [3]

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The National Security Council: [4]

a. Noted and discussed the subject in the light of an oral briefing by the Director of Central Intelligence on the implications for the U.S. of the fall of the Yoshida Government in Japan; Chinese Communist reaction to the signature of the mutual security treaty between the United States and the National Government of China;

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[3] For the section of the memorandum omitted here, see Document 434.

[4] The lettered paragraphs constitute NSC Action No. 1283. (S/S–NSC (Miscellaneous) files, lot 66 D 95 "National Security Council Record of Actions, 1954")

and developments in Communist China respecting the imprisonment of U.S. military personnel.

b. Noted the President's desire that a Special National Intelligence Estimate be prepared, [5] as a matter of urgency, analyzing the net effect on Japan and on North China and Manchuria of an increased flow of consumer goods from Japan to Communist China in return for products from Communist China required by the Japanese economy.

Note: The action in b above, as approved by the President, subsequently transmitted to the Director of Central Intelligence for appropriate implementation.

. . . . . .

5. U.S. Objectives and Courses of Action With Respect to Japan (Progress Report, dated October 28, 1954, by the OCB on NSC 125/2 and NSC 125/6) [6]

Mr. Cutler briefed the Council on the subject report, noted that it recommended a revision of existing policy toward Japan, and promised that the Planning Board would have a new policy statement on Japan for consideration by the Council some time in January.

Secretary Dulles said that he had one point on which he wished to make an observation—namely, the percentage of Japan's total budget which was allocated for military purposes. He did not think it fair to compare Japan and the United States percentage-wise in the matter of the size of their military establishments. Japan was a desperately poor country and it should not be pressed too hard to reestablish a large military force until its economy had grown more healthy. Let us try, therefore, to get the Japanese economy on a sounder base first.

Secretary Humphrey said that there had been no real intention to make the comparison to which Secretary Dulles had objected. He added that the Japanese had made notable progress during the last twelve to fourteen months in rehabilitating their financial health. Their economy on the whole, however, was still in a precarious state.

Mr. Allen Dulles said that it would not come as cheering news to Secretary Humphrey that the new Prime Minister, Hatoyama, was supposed to be an inflationist.

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[5] A study entitled "Japanese Trade with Communist China" is the Appendix to National Intelligence Estimate (NIE) 100–55, "Controls on Trade with Communist China", dated Jan. 11, 1955. (Bureau of Intelligence Research files) For an earlier version of the paper printed in the Appendix, see the memorandum by Sherman Kent to Allen W. Dulles, Document 840.

[6] Documents 588 and 657.

Governor Stassen said that the basic necessities for reestablishing Japanese economic health were (1) provision of sources of raw materials and markets for Japan in Southeast Asia, and (2) some increase in trade between Japan and Communist China. The President commented with a smile that this was what the warlords of the thirties had said.

Dr. Flemming said that he understood that a sharp reduction was being proposed in military end items to be sent to Japan. He questioned the wisdom of so sharp a reduction. Governor Stassen indicated that Dr. Flemming's information was somewhat out of date. The Progress Report covered the period up through September 15, 1954. Since that date—indeed, last week—$120 million had been allocated for offshore production in Japan.

The National Security Council: [7]

a. Noted and discussed the reference Progress Report by the Operations Coordinating Board on the subject.

b. Noted that the NSC Planning Board would prepare a revised policy statement on the subject for Council consideration in January 1955.

. . . . . .

S. EVERETT GLEASON

[7] The lettered paragraphs constitute NSC Action No. 1285. (S/S–NSC (Miscellaneous) files, lot 66 D 95 "National Security Council Record of Actions, 1954")

No. 836

794.5/12–1054

The Secretary of Defense (Wilson) to the Secretary of State

TOP SECRET WASHINGTON, December 10, 1954.

DEAR MR. SECRETARY: Reference is made to your Department's proposed State–Defense message [1] concerning formal talks with the Japanese regarding defense and related matters.

The Joint Chiefs of Staff have submitted their views on this proposed State–Defense message in a memorandum dated 5 November 1954 as modified by a subsequent memorandum dated 8 November 1954. Copies of these memoranda are attached as enclosures 1 and 2.

It will be noted that with regard to Part III–B of the proposed State–Defense message, the Joint Chiefs of Staff still consider that naval and air forces should be expanded as outlined in their memo-

[1] Draft message not found in Department of State files.

randum dated 21 December 1953, subject "Japanese Defense Forces." There is attached as enclosure 3, for ready reference, a copy of this memorandum together with its Appendix.

The Department of Defense concurs in the recommendations of the Joint Chiefs of Staff and urges that these views be used as the basis for the United States position in discussions on this subject with Japanese officials in Tokyo.

Sincerely yours,

C.E. WILSON

[Enclosure 1]

Memorandum by the Joint Chiefs of Staff to the Secretary of Defense (Wilson)

TOP SECRET WASHINGTON, 5 November 1954.

Subject: Formal Talks with Japanese Regarding Defense and Related Matters.

1. This memorandum is in reply to your memorandum dated 23 September 1954, [2] subject as above, which requested comments and recommendations of the Joint Chiefs of Staff on a proposed State–Defense message, and also requested that the Joint Chiefs of Staff develop criteria upon which to base further reduction in the Japanese contribution under Article XXV of the Administrative Agreement with Japan and guidance on the long-range strategic role conceived for Japan.

2. With regard to Part III B of the proposed State–Defense message, the Joint Chiefs of Staff still consider that Naval and Air Forces should be expanded as outlined to you in their memorandum dated 21 December 1953, subject: "Japanese Defense Forces."

3. With regard to your request for criteria upon which to base reductions in the Japanese contribution under Article XXV of the Administrative Agreement with Japan, the Joint Chiefs of Staff note that there has already been a substantial reduction (the equivalent of $7,000,000 in Japanese currency) in the Japanese contribution. This reduction was made with the specific understanding that Japanese force goals and budgetary support remain as previously agreed. The Joint Chiefs of Staff consider that the criteria upon which to base any further reduction in the contribution are:

a. Substantial fulfillment of Japan's obligation to develop defense forces as agreed to in the April 6 exchange of letters between Ambassador Allison and Japanese Foreign Minister Okazaki;

[2] Not printed.

b. The acquisition of land necessary to extend run-ways at five Far East Air Force bases; and

c. The willingness of Japan to develop satisfactory JFY 55 force goals and to increase its total defense budget for JFY 55 above a reasonable base figure (minimum of 76.3 billion yen which the Japanese originally planned to contribute to their own support in JFY 54). The United States will agree to a reduction in its share of the defense budget equivalent to one-half of the amount of that appropriated above the base figure.

4. In view of the above, the Joint Chiefs of Staff recommend that the last paragraph of Part III of the proposed message be reworded as follows:

"In view of Japan's balance of payments difficulties, ~~possibility some reduction total U.S. force strength Japan during JFY 55~~ and in order to encourage and facilitate development of Japanese forces, the United States is willing to consider *further* ~~substantial~~ reduction of Article XXV *(of the Administrative Agreement under Article III of the Security Treaty)* contribution, *but only after substantial fulfillment of Japan's obligation agreed to in the 6 April exchange of letters between Foreign Minister Okazaki and Ambassador Allison,* ~~and this however would be contingent~~ upon satisfactory agreement force goals and defense budget for JFY 55; *and upon acquisition of land necessary to extend runways at five Far East Air Force bases. If Japan is willing to increase its total defense budget for JFY 55 above a [reasonable] base figure (minimum of 76.3 billion yen which the Japanese originally planned to contribute to their own support in JFY 54), the United States will agree to a reduction in its share of the defense budget equivalent to one-half of the amount of that appropriated above the base figure."*

5. With regard to Part IV of the proposed State–Defense message, the Joint Chiefs of Staff consider that mid-November would be a more logical date to conclude both economic and military discussions in Tokyo.

6. The long-range strategic role conceived for Japan is contained in NSC 125/2, "United States Objectives and Courses of Action with Respect to Japan," dated 7 August 1952, amplified by NSC 125/6, dated 29 June 1953. [3] The Joint Chiefs of Staff consider that, from the military point of view, the long-range strategic role conceived for Japan is basically sound. The U.S. security interests in the Pacific area are of such importance that we would fight to prevent the enemy gaining any control of Japanese territory. Current national policy is to assist Japan to rapidly develop (1) the means for its own defense, thereby relieving U.S. forces of the sole responsibility for Japan's security, and thereafter (2) the capability to contribute to the defense of other free nations of the Pacific area. As

[3] NSC 125/2 is Document 588. NSC 125/6 is Document 657.

long as CINCFE's overriding mission continues to be the defense of Japan and the Ryukyus, the Joint Chiefs of Staff are of the opinion that some U.S. forces will have to remain in and around Japan until Japanese defense forces have been built up to the scale recommended by the Joint Chiefs of Staff in their memorandum to you of 21 December 1953, subject: "Japanese Defense Forces," or such other scale of Japanese forces as may be subsequently determined by the Joint Chiefs of Staff in their continuing review of this matter.

7. The threat to Japan from Chinese Communist and Soviet Air Forces is admittedly great. The Joint Chiefs of Staff consider, however, that such a threat does not require revision of the long-range strategic role conceived for Japan. Any tendency toward reducing defense forces in order to foster the economic development of Japan would seriously endanger the U.S. military position in the Pacific vis-à-vis Soviet and Chinese Communist forces.

8. In a memorandum to you dated 9 April 1954, subject: "U.S. Strategy for Developing a Position of Military Strength in the Far East" [4] (NSC Action 1029–b) [5] the Joint Chiefs of Staff stated in part:

"It is obvious that for the foreseeable future United States power will be an essential element in developing and maintaining a position of military strength in the Far East. It is equally obvious that, under present circumstances, inordinate reliance is placed upon United States power to achieve that end, and too little upon the development of the collective military capabilities of the Asiatic non-Communist countries in that area."

In this same memorandum they further stated:

"Basic to the establishment of a non-Communist position of strength in the Far East is the rehabilitation of the Japanese military forces—not along the lines of the ultra-national military attitude of pre-World War II, but along moderate and controlled lines that will enable Japan to exert a stabilizing influence in the Far East. . . .[6] It is recognized that a military revival in Japan would be attended by certain risks, although there are counteracting factors which would materially limit those risks. In addition to restrictions which would be imposed upon Japan by economic and political factors, it is believed that so long as the United States furnishes the principal offensive air and naval elements of the combined military forces in the Far East, adequate safeguards against the recrudescence of Japanese military power as an aggressive force would be provided.

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[4] For text, see the attachment to the memorandum from Lay to Secretary Wilson dated Apr. 10, 1954, vol. XII, Part 1, p. 412.

[5] See footnote 6, Document 167.

[6] Ellipsis in the source text.

"If Japan is ultimately to assume responsibility for her national defense and to join in a concerted effort to resist Communist aggression, the United States must accept the risks, while exerting its efforts to influence the course of Japanese policy to conform to our security interests. Even though, at this time, Japan would not be wholly acceptable as a member of a Pacific regional pact, it is considered to be in United States security interests to foster and support the healthy development of the Japanese military structure to the end that Japan will become capable of providing for her own security and of becoming a contributor to collective security in the Western Pacific.

"Time will be an essential element in the dissolution of the obstacles to the formation of the comprehensive system of regional security in the Far East area, but this should not deter the United States from proceeding toward this as an objective."

9. From the foregoing considerations the Joint Chiefs of Staff concluded that the United States should seek to reduce the friction and to resolve the differences which now constitute a major obstacle to a collective security arrangement in the Far East; more specifically, seek to promote the acceptance of a rearmed Japan as an important element in the common defense of the area.

10. It is recommended that with respect to any review of the long-range strategic role of Japan the foregoing views of the Joint Chiefs of Staff be taken into consideration. It is further recommended that the foregoing considerations be reflected in any additional State–Defense guidance furnished the Ambassador and CINCFE regarding the long-range strategic role of Japan.

For the Joint Chiefs of Staff:
ARTHUR RADFORD
Chairman

[Enclosure 2]

Memorandum by the Joint Chiefs of Staff to the Secretary of Defense (Wilson)

TOP SECRET WASHINGTON, 8 November 1954.

Subject: Formal Talks with Japanese Regarding Defense and Related Matters.

1. Reference is made to a memorandum for the Secretary of Defense, dated 5 November 1954, subject as above.

2. The Joint Chiefs of Staff desire that the referenced memorandum be amended as follows:

a. Subparagraph 3c, first sentence, amend to read: "The willingness of Japan to develop satisfactory JFY 55 force goals and to in-

crease its total defense budget for JFY 55 above a base figure on the order of 85 billion yen."

b. Paragraph 4, quoted portion, final sentence, amend to read: "*If Japan is willing to increase its total defense budget for JFY 55 above a base figure on the order of 85 billion yen, the United States will agree to a reduction in its share of the defense budget equivalent to one-half of the amount of that appropriated above the base figure.*"

3. The Chairman, Joint Chiefs of Staff did not participate in the action of the Joint Chiefs of Staff outlined in this memorandum.

For the Joint Chiefs of Staff:
N.F. TWINING
Chief of Staff, United States Air Force

No. 837

794.00/12-1154: Telegram

The Ambassador in Japan (Allison) to the Department of State

SECRET TOKYO, December 11, 1954—3 p.m.

1381. Ikeda accompanied by Miyazawa called on me this morning at his request and said he had been entrusted by Mr. Yoshida with a message. [1] Mr. Yoshida wanted me to know, and to pass on to Department, that he had made every possible effort upon his return to ensure a peaceful transition to Ogata which would make it possible to carry out commitments he had made abroad. Yoshida had agreed to resign and pass on premiership to Ogata and there had been agreement among liberal party leaders that if this could not be accomplished Diet would be dissolved. At last minute Ogata had changed his mind and in view of his refusal to acquiesce in dissolution Yoshida had no choice but to have cabinet resign en bloc. This had result Yoshida feared of placing Hatoyama in power. It was obvious that Ogata's action had created deep breach between him and Yoshida-Ikeda faction of liberal party and that there is considerable bitterness. This became quite clear when in response to question Ikeda said that while he had been willing to remain as Secretary General of liberal party if there had been peaceful transmission [*transition*] of leadership to Ogata that under present circumstances he could only "follow his old leader" and remain out of active office in liberal party. Without explicitly saying so Ikeda definitely implied that Ogata's action was considered treacherous

[1] The Yoshida cabinet resigned on Dec. 9, and a government headed by Hatoyama took office the following day.

by Yoshida. Whether or not Yoshida will run for re-election if Diet is dissolved in January still uncertain according to Ikeda. Yoshida had intended to resign shortly after designation of new Prime Minister but now it is not certain he will do so although Ikeda said it was most important that no public indication be given that Yoshida is considering running again.

Ikeda stated Diet would definitely be dissolved in January and that as result of forthcoming elections Socialists would gain approximately thirty seats. He envisions new Diet being composed of about 160 Socialists of both wings and approximately equal division between liberals and democrats of remaining 300 seats, with perhaps a few scattered Communist seats. It is Ikeda's hope that present bitterness among various conservative factions will die down with time and the nearly equal division of conservative strength after the election will make possible some sort of merger or coalition between liberals and democrats. Ikeda's opinion Hatoyama Government will not make great changes in present Japanese policy and in view of Ichimada's selection as Finance Minister this is particularly true in economic field. He also anticipated that while new government will, for political purposes, talk a great deal about regularizing relations with USSR and Communist China and increasing trade with Communist bloc that in fact little will be done. [2] New government cannot be expected to proceed with settlement of GARIOA problem which would probably be unpopular and lose votes but Ikeda believes it will attempt to solve Bikini compensation issue which could gain votes at next election.

In parting Ikeda expressed belief that unification of conservative forces was vital for good of Japan but said only time could heal present wounds and make this possible.

ALLISON

[2] In telegram 1443 from Tokyo, Dec. 17, Allison in part reported:

"While Kishi and others have sought privately to assure me that recent statements on Communist bloc relations designed for domestic consumption and not intended imply any change from policy close cooperation with US, I expressed my concern last night to Finance Minister Ichimada that Government by its recent statements may, without intending to do so, build up strong domestic pressures for recognition Red China, equalization level of controls on trade with Europe-Soviet bloc and China, new trading and travel arrangement et cetera. Ichimada said he recognized this danger and would bring matter up at next cabinet meeting." (794.00/12–1754)

No. 838

Editorial Note

For an extract from the record of the Bipartisan Leadership Meeting held December 14 regarding United States policy toward Japan, see volume II, Part 1, page 824.

No. 839

794.5/12–1554: Telegram

The Ambassador in Japan (Allison) to the Department of State

SECRET TOKYO, December 15, 1954—4 p.m.

1403. Joint Embassy-FEC message. Subject: JFY 1955 defense budget.

Part I. Estimated Japanese plans.

1. Tentative Japanese Government budget plans for JFY 1955 have been to keep within 1 trillion yen ceiling for total budget, with priority to unemployment and disaster relief measures, maintenance defense expenditures at JFY 1954 level of 137.3 billion yen. Defense agency has requested 95.2 billion yen, including 67.4 billion yen for maintenance present forces and 27.8 for increased forces. Request for 15–17 billion yen reduction support costs likely in order keep within 137.3 billion budget ceiling.

2. More than last year, defense budget decisions will probably be made on political grounds with little regard for Japan's defense requirements. Hatoyama or successor government will be under strong political pressures to provide in JFY 1955 budget relief to distressed areas hurt by austerity program. Government would require broad conservative backing to push through defense increases rather than larger appropriations for economic relief. In view current political situation, government with requisite positive support for defense not likely to emerge prior to Diet consideration of JFY 1955 budget next year.

Part II. Recommended US position.

1. US should seek Japanese agreement on the following points:

a. Restoration of 4.5 billion yen cut from 1954 defense budget.[1]

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[1] On Dec. 9, Ambassador Allison handed Vice Minister Okamura a note which he summarized in telegram 1364 from Tokyo, also Dec. 9. "Note refers to Diet passage supplementary budget confirming defense budget cut in contravention confidential exchange letters April 6 committing Japan to 78.8 billion yen budget. Japanese Government requested to inform Embassy on intentions to carry out above budget com-

Continued

b. Japanese defense force budget for JFY 1955 95.2 billion yen.

c. Of 95.2 billion appropriated for JFY 1955, US contribute 2.6 billion yen by accepting a reduction of that amount in Japanese contribution to support of US Forces in Japan. US would thus accept a base figure of 90 billion yen for calculating JFY 1955 defense budget; Japanese would provide 2.6 billion yen by further increase in total Japanese defense appropriation and the US would provide 2.6 billion yen through reduction in Japanese contribution to support US Forces Japan. Under this proposal, support costs would be 53.2 billion yen and defense budget 152.4 billion yen.

d. Extension of runways required by FEAF.

e. Commitment to a specified force level and defense program.

f. Phased induction throughout year of personnel added to Japanese Forces.

g. Carry-over into JFY 1955 of all unobligated defense funds.

h. Obligation of all defense funds including those carried over and those appropriated in JFY 1955 budget by March 31, 1956.

With respect to II (1.,a.) we recognize that reappropriation of 4.5 billion yen probably unfeasible for political reasons but it is essential that Japanese recognize in some way their derogation from April 6, 1954 commitment to specified budgetary appropriation and negotiate compensating arrangement acceptable to us.

2. If above proposal, particularly paragraph c., unacceptable Japanese Government in view considerable increase in defense budget, request authority to negotiate on following basis:

a. Japanese agreement to points a., b. and d. through h. as above (in particular 95.2 billion yen defense force budget) with US agreement to accept reduction of Japanese contribution support costs to USFJ equal to 50 percent of amount appropriated by Japanese Government for its defense forces above base figure of 73.8 billion yen. (73.8 represents base figure had 50–50 matching formula been applied last year.) Prior to negotiating on basis of 73.8 billion yen base figure, would propose Japanese agreement to 50–50 sharing of Japanese defense costs using base figure of 78.8 billion yen.

b. If above formula applied to Japanese defense budget of 95.2 billion yen, total defense budget and contribution to support costs would be as follows:

(1) Base figure 78.8 billion yen, support costs 47.6 billion yen, total budget 146.8 billion yen (reduction support costs 8.2 billion yen).

(2) Base figure 73.8 billion yen, support costs 45.1 billion yen, total budget 144.3 billion yen (reduction support costs 10.7 billion yen).

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mitment. With view to JFY 1955 negotiations, note concludes with suggestion that budget cut problem be settled prior to discussions JFY 1955 defense program and with pointed reference to Japanese commitment provide $155 million support costs annually. FEC concurred in text which air pouched." (794.5/12–954)

Full text of the note, No. 1030, is attached to a covering letter from Parsons to McClurkin dated Dec. 10. (794.5/12–1054)

(For purposes above estimates, cost for private rentals under paragraph 2 (a), Article XXV, administrative agreement, assumed to be 4 billion yen.)

3. Determined effort will be made seek Japanese agreement on sharing equally costs above base figure of 73.8 billion yen. However, in view present indications Japanese intentions with respect defense budget, not optimistic about Japanese agreement to arrangement involving approximately 7 billion yen increase in defense costs over JFY 1954 level of 137.3 billion yen (4.5 billion yen cut reduced total to 132.8). Therefore, if during course negotiations General Hull and I conclude impossible to obtain agreement with Japanese even after prolonged discussions, we will propose additional negotiating positions for your consideration.

4. Agreement with Japanese on defense program to be through formal exchange of notes defining precisely commitments of both parties in order to avoid recurrence of 1954 budget cut problem.

5. At present it is practically certain that Diet will be dissolved in late January prior to consideration JFY 1955 budget. Despite uncertainty political situation, believe preliminary discussions below Cabinet level will be necessary prior to next elections and installation new Cabinet in order to avoid Finance Ministry freezing defense budget at unsatisfactory level. However, agreement on defense program will be finalized only following elections, presumably sometime in late March.

ALLISON

No. 840

S/P-NSC files, lot 61 D 167, "Communist China, US Policy Toward"

Memorandum by Sherman Kent of the Board of National Estimates to the Director of Central Intelligence (Dulles)

SECRET [WASHINGTON,] 16 December 1954.

Subject: Japanese Trade with Communist China *

1. Although the Japanese had developed a substantial trade with mainland China during the 1920's and early 30's, it was only after the political seizure of Manchuria in 1937 that mainland China became a major Japanese trading area—in 1939 it became Japan's most important trading area. (See Table 1.) Manchuria and subsequently much of China became protected Japanese markets. By de-

* The memorandum has been coordinated at the working level with OIR, ORR, and OCI; these representatives concur with the substance of this memorandum. [Footnote in the source text.]

veloping Chinese and particularly Manchurian economic resources the Japanese provided themselves with an outlet for capital goods exports, and, through increased indigenous purchasing power, a market for consumer goods. In addition they obtained a secure source for many of Japan's essential raw material requirements, particularly coal, pig iron, iron ore, tin, salt, and soya beans and oil cake. (See Table 2.)

[Here follow tables 1 and 2, neither printed.]

2. Until the war years 1941–45, when Japan was largely cut off from other sources of supply, mainland China was more important to Japan as a market than as a source of imports. Japanese exports to mainland China of textiles, steel, and capital equipment were only partially paid for by purchases of essential raw material and foodstuffs. This export surplus was balanced primarily by Japanese investment in Manchuria and in other areas of China.

3. Japanese postwar trade with mainland China has been relatively insignificant. (See Table 3.) Although it had revived somewhat by 1950, Sino-Japanese trade was almost completely stopped by the restrictions following the outbreak of the Korean war. Following the armistice in 1953 it began to revive as controls were slightly relaxed. Unlike the prewar period, recent Japanese trade with mainland China has shown an import surplus.

[Here follows table 3, not printed.]

4. The future level of Sino-Japanese trade will be determined primarily by political factors, and secondarily by economic factors. The principal political factors will be: (a) the extent to which Communist China, in conjunction with the USSR, continues to pursue a policy of Bloc autarky, deliberately minimizing trade with non-Communist area; (b) the extent to which the Free world will maintain controls on trade with Communist China; and (c) the extent to which trade will be used by the Bloc as a weapon of economic and political warfare. The principal economic factors are: (a) the availabilities of Communist Chinese exports of coal, iron ore, salt, soy beans, and to a lesser extent rice and other grains, and (b) the availabilities of Japanese exports of capital equipment which both meet Chinese specifications and are competitive with Free world and Bloc prices.

5. In attempting to determine the possible magnitude of Sino-Japanese trade expansion within existing controls, the Japanese, assuming Communist Chinese agreement, estimate that this trade could probably be raised to some $70 million each way per year by 1957. The Japanese Ministry of International Trade and industry has estimated that Japan, at this level of trade, might import from Communist China the following quantities of certain essential commodities:

	Quantities Imported	
	1957	*1953*
Rice	100,000 m. tons	(none)
Soy Beans	100,000	16,000 m. tons
Coal	800,000	137,000
Iron Ore	500,000	38,000
Salt	300,000	197,000

6. We believe that, under the assumptions stated in the preceding paragraph, Sino-Japanese trade could probably be increased to approximately $70 million each way per year by 1957, but that the quantities of rice and soy bean imports projected by the Japanese Ministry might not actually be available. Chinese export of such quantities of those commodities to Japan might conflict with increasing domestic requirements and with export commitments to the Soviet Bloc. In any case, Japanese imports from Communist China at this projected level of trade, although almost two and a half times the value of 1953 imports from mainland China, would still be only 3.5 percent of the projected total of Japanese imports in 1957.

7. If controls on Chinese Communist trade were lowered to the level now applied against other Bloc countries and if Communist China desired substantially to increase trade with Japan, we believe that by 1957 Sino-Japanese trade could probably be raised to at least $100 million each way. It might even reach $150 million each way, but we believe this would require some diversion of Communist Chinese trade from other export markets.

8. The estimate that the $100 million level could be reached is based primarily upon the Communist Chinese capability to export coal and iron ore in greatly increased quantities—a capability which we believe they can exercise without significantly modifying their present trade commitments to the Bloc. It is probable that the large iron ore deposits on the island of Hainan could be exploited without great expenditure on the part of the Chinese. We believe that the iron ore presently produced from Hainan is not included in Communist China's internal steel program, but is earmarked for export. In these circumstances, we believe that Communist China could probably increase its production on Hainan sufficiently to provide for the export of about 1.5 million tons of iron ore to Japan, a quantity equal to about one third of Japan's 1953 total iron ore imports of 4.3 million tons. We believed that Communist China could supply a major portion of the coal imported by Japan (some 3.5 million tons in 1953) with relatively small investment. It is estimated that Chinese coal production will be approxi-

mately 100 million tons by 1957, a quantity which appears to be greater than that required for internal consumption and export to the Soviet Far East.

9. Even if Sino-Japanese trade under COCOM levels of controls were to reach $150 million by 1957 it would still constitute only about 7 percent of Japan's estimated total foreign trade for that year. Indeed, even if all controls on trade with Communist China were eliminated, we believe it very unlikely that trade relations between mainland China and Japan would regain their pre-war significance. There has been a fundamental change in the Chinese economic situation since the establishment of the Communist regime. It now produces practically all of its own textiles and much of its steel. It is now firmly committed to a program of industrialization and of integrating its economy with that of the Bloc. China's export commodities are now committed to the needs of its own industries and to those of its Bloc partners. As for Japan, it no longer possesses the political control over Manchuria which permitted it to develop that area as an integral part of its own economy. For these reasons we believe that as long as Communist China remains in the Bloc it is unlikely that Japanese trade with Communist China will become a substantial proportion of Japan's total trade.

For the Board of National Estimates:

SHERMAN KENT

Note: The economic data in this memorandum is based on official Japanese sources, or as these sources have appeared in ORR and OIR publications, or in despatches from US Embassy Tokyo.

No. 841

794.0221/12-2154: Telegram

The Ambassador in Japan (Allison) to the Department of State

SECRET TOKYO, December 21, 1954—6 p.m.

1467. Afternoon press today features Defense Secretary Wilson's announcement of further redeployment [1] and fact that at least one army division will be withdrawn from Japan. While I strongly approve of reduction of ground forces in Japan, I greatly fear that manner in which this has been announced without any prior notice to or consultation with Japanese Government may create unfortunate impression here that we are continuing to treat Japan as an unequal partner.

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[1] At his press conference held Dec. 20. See telegram 1257, *infra*.

As both State and Defense Departments are aware, we have recently presented to Japanese Foreign Office strongly worded note expressing our concern at unilateral reduction by Japanese of 4.5 billion yen in 1954 defense appropriation. While situation is not completely analogous nevertheless Japanese can point to fact we have security treaty with them and while there is no obligation on our part under treaty to maintain any specific number of troops in Japan, there does seem to me to be moral obligation at least to give advance notice before public announcements of this sort are made. Embassy and FEC have made considerable effort to get Japanese to discuss their defense problems with us and to engage in joint planning. I do not see how we can continue to expect Japanese to work closely with us if we take sudden action such as this which has appearance of serving only our own ends. Such action also opens both Embassy and FEC who have been continuously discussing these matters with Japanese authorities to charge of bad faith in that they will assume we ourselves had advance knowledge of this action. This is particularly true in view of fact that when original decision for redeployment of US forces in Far East was made last December, Japanese were notified in advance and were told at that time this redeployment would not affect troops in Japan.

I strongly urge that any future plans for alteration in our military strength in Japan be communicated to Japanese in advance of public announcement.

ALLISON

No. 842

794.0221/12-2154: Telegram

The Secretary of State to the Embassy in Japan

SECRET WASHINGTON, December 22, 1954—6:41 p.m.

1257. Your 1467. [1] Substance Wilson announcement adds up to following: U.S. elements UN corps Korea will comprise 24th division and division 7th Army instead of 1st Marine division and division 7th Army. First Marine division to be returned U.S. With return 1st Marine division to U.S. there will be no addition present ground strength Okinawa which is now one regimental combat team. No redeployment 2 1/3 divisions presently stationed Japan envisaged. Troop complement assigned Japan remains same. Headquarters and one regiment 24th division which had temporarily

[1] *Supra.*

been moved Japan being returned Korea. Press confusion stems from latter point.

In other words change involves one less division Far East.

Regret inability give you prior advice these troop movements.

You may tell Japanese Government no redeployment 2 1/3 divisions presently assigned Japan envisaged. Suggest you consult General Hull re any further details which can be given Japanese.

DULLES

No. 843

794.5/12-2354

Memorandum by the Acting Director of the Office of Northeast Asian Affairs (McClurkin) to the Deputy Assistant Secretary of State for Far Eastern Affairs (Sebald)

TOP SECRET [WASHINGTON,] December 23, 1954.

Subject: Japanese Defense Measures

Japanese Position

The Japanese Defense Agency has tentatively programmed for the fiscal year beginning April 1, 1956 an increase in ground forces of 20,000, navy–4,000 and air–6,000 and has requested a budget appropriation of 95.2 billion yen, including 67.4 billion yen for maintenance of present forces and 27.8 billion yen for increased forces. Last year's budget provided 78.8 billion yen for the defense forces plus 58.5 billion yen for the support of United States security forces under Article XXV of the Administrative Agreement—a total of 137.3 billion yen. The Defense Agency budget was later cut back to 74.3 billion yen. In view of tentative Japanese Government plans to keep the total JFY 1955 budget below a one trillion yen ceiling, with priority to unemployment and disaster relief measures, the Japanese Government will undoubtedly take the position that defense expenditures must be kept at the JFY 1954 level of 137.3 billion yen. It can therefore be expected that the Japanese will argue that increase in defense forces will be dependent on United States willingness to reduce Japan's contribution under Article XXV by approximately 16 billion yen (about $44 million).

[Here follows a summary of the recommended United States position set forth in telegram 1403 from Tokyo, Document 838.]

Department of Defense Position

On November 8 [5] in a memorandum to the Secretary of Defense transmitted to the Secretary under cover of a letter from the

Secretary of Defense, dated December 10, 1954, the JCS took the position that if Japan was willing to increase its total defense budget for JFY 55 above as a base figure of 85 billion yen, the JCS would agree to a reduction of the United States share of the defense budget equivalent to one-half of the amount of that appropriated above the base figure.

In view of the JCS determination, Defense takes the position that the negotiations should be initiated on the basis of the 90 billion yen base figure and that no retreat position should be authorized below the base figure of 85 billion yen.

NA Position

We think that the 90 billion figure as an initial negotiating position is totally unrealistic, and have little or no expectation that the 78.8 or 73.8 yen figure will prove acceptable to the Japanese Government. However, it appears impossible to prove this either to the Far Eastern Command or to the Department of Defense without going through the process of an agonizing and unsuccessful negotiation with the Japanese.

In view of the present inflexibility of the Defense and JCS position, NA sees no advantage in prolonging the discussion in Washington. If we are right about the Japanese position, the Embassy-Command discussions with the Japanese will make evident the unreality of the JCS position. A strong recommendation from the Command in Tokyo will have more effect on the JCS than any time consuming discussions in Washington. In any event it is unlikely in view of the present political situation in Japan that any final agreement will be reached with the Japanese Government until the new Diet convenes after the elections which are expected to be held in early March. Consequently NA recommends that we accept the Defense position and authorize the Embassy and Command to initiate the discussions on the basis of the 90 billion yen base figure dropping down to the 85 billion yen base figure if the initial position is unacceptable to the Japanese.

Recommendation:

That you approve and sign the attached cable. [1]

Clearance:

Department of Defense.

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[1] Attachment sent as telegram 1271 to Tokyo, Dec. 24. It instructed the Embassy to negotiate along the lines set forth in this memorandum. (794.5/12-1554)

No. 844

894.245/12-2954

Memorandum by the Assistant Secretary of State for Far Eastern Affairs (Robertson) to the Under Secretary of State (Hoover)

SECRET [WASHINGTON,] December 29, 1954.

Subject: Bikini Compensation

At its meeting on November 3, the Operations Coordinating Board agreed that necessary funds of up to $2 million should be made available for settlement of Japan's claims for damages resulting from the radioactive fall-out from the thermonuclear tests at Bikini. [1] These funds were to be made available under Section 121 of the Mutual Security Act, and the matter was to be cleared informally with the President, although a formal request for a Presidential determination under Section 401 of the Mutual Security Act would not be submitted until the minimum acceptable reparations figure was ascertained.

An earlier meeting had authorized Ambassador Allison to negotiate up to $2 million, but with the reservation that any figure over $1 1/2 million should be reported to the Operations Coordinating Board for approval.

Ambassador Allison has just reported that the new Japanese Foreign Minister, Mr. Shigemitsu, has received general Cabinet approval for a settlement at $2 million. Ambassador Allison recommends that agreement be reached on this sum immediately so that an announcement can be made at New Year's, which is a traditional time in Japan for settling accounts.

It is desirable that this question be settled. The new Japanese Government is a minority government which has promised to hold elections in March. It is therefore unlikely that it will settle this question on any terms except those which it believes to be politically favorable. In consequence, the Embassy believes—and I concur—that it is unlikely under the present circumstances that a better figure than $2 million can be negotiated. Before Ambassador Allison told the Japanese that he was authorized to settle at $2 million, he would of course make absolutely certain that the Japanese Government was fully prepared to settle at that amount without any further bargaining.

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[1] A brief summary of this discussion is in Radius' "Preliminary Notes" of the OCB meeting held Nov. 3, not printed. (OCB files, lot 62 D 430, "Preliminary Notes I")

Recommendation

I recommend that you ask the OCB this afternoon to approve a settlement at $2 million, and to request FOA to make the necessary formal request for a Presidential determination under Section 401 of the Mutual Security Act of 1954. [2]

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[2] In "Preliminary Notes" by Max Bishop of the OCB meeting held on Dec. 29, the entire section concerning Bikini compensation reads:

"Mr. Hoover raised the special problem of agreement to the settlement of the Japanese Bikini claims for compensation.

"After some discussion it was agreed that the OCB should agree that settlement could be made for $2 million and that the OCB would leave the method of communicating this authorization and the settlement up to the Under Secretary of State."

Bishop replaced Radius as Operations Coordinator in November. (OCB files, lot 62 D 430, "Preliminary Notes I")

For text of the Agreement relating to compensation for personal and property damage as a result of nuclear tests in the Marshall (Bikini) Islands, effected by an exchange of notes in Tokyo on Jan. 4, 1955, see TIAS 3160; 6 UST 1.

A 170-page chronology of the *Fukuryu Maru* case is enclosed with despatch 1130 from Tokyo, Mar. 28, 1955, neither printed. (711.5611/3-2855)

No. 845

FE files, lot 55 D 480, "Japanese"

Memorandum of Conversation, by the Acting Director of the Office of Northeast Asian Affairs (McClurkin)

CONFIDENTIAL [WASHINGTON,] December 30, 1954.

Subject: Prime Minister Yoshida's Suggestion of an Anti-Communist "High Command" in Singapore for Psychological Warfare.

Participants: His Excellency Sadao Iguchi, Ambassador of Japan
Mr. William J. Sebald, Deputy Assistant Secretary, FE
Mr. Robert J.G. McClurkin, Acting Director, NA

Ambassador Iguchi came in at Mr. Sebald's request to receive the Department's comments on the suggestion made by Prime Minister Yoshida to the Secretary that a "High Command" for psychological warfare be set up in Singapore under Malcolm MacDonald, with participation by the United States, the British, French and Japanese.

Mr. Sebald said that we had given very careful consideration to the suggestion and greatly appreciated it as an indication of the Japanese interest in getting together with us to work out ways and means to counter the Communist threat in Asia. Certainly the basic objective of the idea is good, but there is more difficulty when it comes to trying to decide the best method of achieving the objec-

tive. One major problem is that the Manila Pact blankets the same area and also provides for consideration of the problem of internal subversion. Consequently we are afraid that the Prime Minister's specific proposition would not work because it would cut across the aims and objectives of the Manila Pact. (At this point Mr. Sebald interjected that the February 23 date for the Manila Pact meeting in Bangkok is firm and that it will be formally announced on January 3.)

Mr. Sebald continued that we wonder whether the objective envisioned by Prime Minister Yoshida might not be achieved by giving impetus to our proposal to the Japanese Government of a high-level bilateral consultative body in Tokyo to include the Embassy and the Command on the United States side and appropriate Japanese officials at the Vice Minister or Minister level. Through this means we could assist and amplify each other's efforts to meet the Communist psychological offensive. However, we do not know what the reaction of the new Japanese Government is to this proposal of ours which is still outstanding.

Ambassador Iguchi said that he believes this to be a very constructive suggestion. He commented that Prime Minister Yoshida had made the same suggestion to Mr. Eden as he had made to Secretary Dulles. About mid-December the Japanese had received a somewhat similar suggestion from the United Kingdom except that the United Kingdom had envisioned a trilateral or quadrilateral consultative body in Tokyo. Ambassador Iguchi himself believed that such an arrangement would be most helpful both for exchange of information and for developing coordinated plans of action.

Mr. Sebald concluded by saying that he thought it might be left to the Japanese Foreign Office to take the initiative in Tokyo in developing this general idea further, and Ambassador Iguchi said that he would so recommend to his Government.

No. 846

794.022/12-3054

Memorandum by the Deputy Under Secretary of State (Murphy) to Robert Cutler, Special Assistant to the President for National Security Affairs [1]

TOP SECRET [WASHINGTON,] December 30, 1954.

Subject: United Nations Discussion of Status of Habomai Islands

[1] Drafted in NA.

In a memorandum dated December 2,[2] you transmitted to the Department the President's suggestion that the Department consider how we might publicize in the United Nations the facts with respect to the unjustified occupation of the Habomai Islands by the Soviets.

The status of the Habomais has already figured in three steps taken by Ambassador Lodge in connection with Soviet attacks on United States military aircraft in that area. On September 10, 1954, the Security Council considered, without taking formal action, a United States complaint of such an attack. On September 25 and November 7, Ambassador Lodge requested the Secretary General to circulate to all United Nations members the texts of diplomatic notes[3] sent to the USSR with regard to other attacks in the vicinity of the Habomais. In particular, the note of the Government of the United States, dated September 25, 1954, repudiated the Soviet Government's construction of the Yalta Agreement regarding the Kurile Islands and rejected the Soviet claim to any lawful territorial right to the Habomai Islands.

Although the General Assembly has adjourned,[4] the Department plans to keep in mind the possibility, at an opportune time, of challenging more directly the Soviet position in the Habomais. However, if we go beyond incidental references to the matter we shall naturally have to have full cooperation from the Japanese. While the Japanese have appreciated our support of their territorial claims against the USSR they seem hesitant to provoke a direct clash on the matter.

ROBERT MURPHY

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[2] See footnote 3, Document 833.

[3] For text of the note dated Sept. 25, see the Department of State *Bulletin*, Oct. 18, 1954, p. 579; text of the note dated Nov. 7 is *ibid.*, Nov. 29, 1954, p. 811.

[4] The Ninth Regular Session of the UN General Assembly met Sept. 21–Dec. 17, 1954.

No. 847

794.5/12-3154: Telegram

The Ambassador in Japan (Allison) to the Department of State

CONFIDENTIAL TOKYO, December 31, 1954—1 p.m.

1555. Subject: Defense Budget, Japan fiscal year 1955. Finance Minister Ichimada invited me and senior staff to lunch yesterday for primary purpose discussing Japanese contribution to local cost

of US security forces Japan in light of country's economic situation and new government's financial policy.

After preliminary reaffirmation of his own desire maintain closest most cooperative relations with America Ichimada said that maintenance of austerity program, including 1 trillion yen budget limit, was firm determination of new government. In JFY 1955 policy should result in 5 to 6 percent reduction in price level and small favorable balance-of-payments position. Larger imports would be more than compensated by larger exports and in 56 more substantial favorable position.

As Finance Minister he was faced with severe difficulties in maintaining budget ceiling. Already level of totally unemployed had reached 250,000 with 450,000 estimated next year while partial unemployed now totaled 5 million, many of them on work relief for 40 yen daily dole. Housing situation continued critical and resultant overcrowding was contributory factor to 1,800,000 tubercular cases only 10 percent of which could be isolated in hospitals. Among other social problems mentioned was disaster relief which preoccupied prefectural authorities and while on surface recovery of 1953 flood areas was impressive, nevertheless effects of this disaster would take 10 years to wipe out. Foregoing, he said, was all part of background which government had to consider before deciding defense budget. Popular support obviously essential and if government appeared to bow to US pressure or spent too much money on defense rather than on people's welfare, adverse feelings of people would be directed against United States and US policies.

Because of foregoing, defense budget would have to be limited although he, Ichimada, wished to build forces and thus enable US to withdraw. In particular he wished to decrease Japanese contribution to local costs of US security forces as this was area in which sizable economies could be realized.

When administrative agreement was negotiated in 1952, first draft presented to Japanese included in Article XXIII, paragraph 2 provision that "certain basic expenses of the US Armed Forces stationed in Japan . . . [1] shall be borne by the US and that the local costs incident to the maintenance of such forces in Japan shall in principle be borne on the basis of parly [*parity*?] by the US and Japan." Ichimada went on to say that Japan had been unable to agree to provision in this form because of uncertainty in amount of its 50 percent share and so agreed instead to $55 million now specified in Article 25. However, this figure had been derived on basis of old termination of war account headings with estimated security forces requirement for JFY 1952. Resultant total of $361.7 million

[1] Ellipsis in the source text.

resulted in $180 million when split 50–50 from which $25 million was deducted for value of rentals, leaving net of $155. Ichimada said that in view of his history he felt Japan could reasonably expect its contribution to be reduced to extent that expenditures under old TOW headings had dropped off and that Japan had right to question whether its contribution was being used for other purposes, particularly by ground forces. It would be equitable, he thought, for departure of one division from Japan as announced in press to result in commensurate reduction in Japanese contribution to US security forces costs, bearing in mind negotiating history administrative agreement. He said that estimates recently received by Ministry of Finance apparently contained items not contemplated in the agreement and asked that US study matter and relate its expected receipt of Japanese funds to costs calculated on foregoing basis.

Ichimada developed at some length thesis that JFY 1955 was most critical for national economy and that if his policies were enabled to succeed, in part by reasonable attitude of US on defense matters, year 1956 would see real improvement and basis for gradual expansion Japanese defense capabilities. In parallel with foregoing, he developed thought that forthcoming election was "last chance" for Japanese conservatives and if they did not succeed with anticipated March mandate, they would not again be in position solve nation's problems, that is, by implication, on basis consistent with US desires. (Separate telegram will report further on this thesis which has come to me from several sources lately.) [2]

While Ichimada said that he did not expect any definite answers from me today and wished instead to present foregoing for our serious consideration, I told him that there were several points which I wished to make at outset before we got into serious negotiations over defense program. I said I realized these could only take definitive shape after election but in meantime it was important to lay groundwork and discuss various aspects on exploratory basis. Points I wished to make were as follows:

Just as Finance Minister had stressed Japanese Government problems of domestic support, so in US did we face serious problems in obtaining support for things which Japanese wanted even though in best interests of both countries. Administrative agreement clearly obligated Japan to annual contribution of $155 million and last year, as contribution to assist Japanese in increasing their defense program, we had agreed forego $7 million. However, Japanese had unilaterally cut defense appropriation by 4.5 billion

[2] No telegram answering this description has been found in Department of State files.

yen which meant Japanese commitment to US was not being met. Thus Congress could point to disappointing Japanese performance after last year's negotiations.

Secondly, Japanese Government should realize that US was extending MDA assistance to many friendly governments all over world and government and Congress naturally scrutinized relative performance of our various partners. It would be noted for instance that countries with approximately same level per capita income such as Turkey, were expending much greater percentage this income on their defenses and natural tendency our legislators was to appropriate money for countries which showed desire do utmost contribute to their own defense and relieve us of as much of burden as possible.

As third point, our people back home would be willing to consider reduction of contribution to US forces here only if Japanese were expanding own forces. Administrative agreement contemplated that contribution to US forces would be reduced as Japanese built up and we were prepared consider a formula whereby we would match increase in Japanese defense budget over last year by equivalent reduction in contribution to US forces. Thus in effect US would share 50 percent of cost of increased forces.

Finally, as last point, I said that our consideration of Japanese requests in defense field had been handicapped by unwillingness Japanese to plan ahead more than one year or to discuss with US, without definite commitment on either side, tentative longer-term goals. I said that if we knew Japanese long range plans, figures for any one year would be much more meaningful. Since efficient defense of Japan was of interest to both countries, although of primary interest to Japan, it seemed to me we should jointly develop plans which would be mutually agreeable and yet reach common goal with maximum possible expedition. I knew that neither of us could commit ourselves definitely to future years but we could both accomplish much by establishment of common goals.

In response to last point Ichimada said Yoshida government had never been willing to consider longer term planning because its strict interpretation of Article 9 of Constitution prevented possession of "war potential". However, new government had different interpretation, was committed to rearmament, and was therefore free to discuss longer range plans. He suggested that without attribution to him, we stress to Defense Minister Omura, importance of longer-term goals and joint planning.

Both Ichimada and Suzuki who was present, appeared to grasp formula of setting base figure and then sharing increase in Japanese defense program 50 percent by increasing Japanese budget and 50 percent by remission of contribution to US forces. Neither

he nor Suzuki who took careful notes, put forward any base figure but latter said that Budget Bureau analysis of Defense Agency's draft yen 95.2 billion budget indicated estimated level of performance could be reached with 89 billion.

I did not wish on this first occasion, particularly in talking with Finance rather than Defense and Foreign Ministers, to mention any base figure or be drawn into defense negotiations. However, foregoing was obviously initial Japanese position which appears to be that for reasons set forth herein in addition to those in part 1 Embassy-FEC message of December 15 (Embassy telegram 1403), [3] there can be no material increase in Japanese forces next year and that even minimal increases contemplated in draft Defense Agency budget can be accomplished only by reduction in US contribution. Conversation confirms my belief that Department telegram 1271 [4] limiting General Hull and myself to base figure of 85 billion yen is unrealistic. I am of course making this telegram available to General Hull immediately but pending his reaction I suggest Department and Defense review Embassy telegram 1403 and also those portions enclosures to Embassy despatch 516, October 25 which forecast many of reasons why Japanese defense forces expansion JFY 1955 likely be minimal. In reporting our talk press said Ichimada requested yen 18 billion reduction in contribution to USFJ but he did not actually mention a figure to me.

ALLISON

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[3] Document 839.

[4] See footnote 1, Document 843.

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EDITOR'S NOTE: In the index and annotation of this volume, as well as in the documents, the spelling of Chinese names follows the Wade-Giles system of transliteration, according to contemporary usage.

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